Weekend FT

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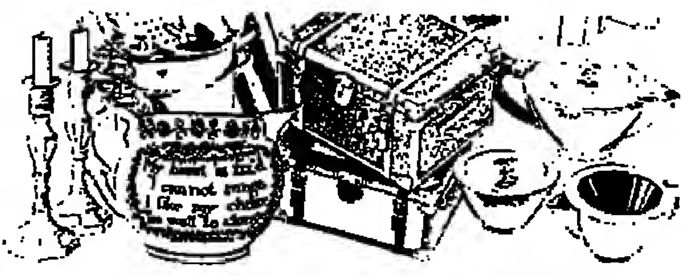

Glossy Christmas

Lucia van der Post thumbs through the best of the gift catalogues .... Page XIII

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend November 16/November 17 1991

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WORLD NEWS

Ulster tension mounts as army calls out part-timers

Tension in Northern Ireland heightened yesterday as terrorist atrocities led to the call out of 1,400 army part-timers and a row about the extradition of two IRA paramilitaries from Ireland threatened to sour Anglo-Irish relations.

Part-time soldiers in the Ulster Defence Regiment were called out for full-time duties for the first time since 1988 as the government sought to resist sending in more UK-based forces.

The Irish government is to review extradition procedures between Ireland and the UK after a Dublin Supreme Court judgment overturning a High Court ruling to extradite the convicted paramilitaries to the UK. Page 7

Libyan pledge

Libya pledged to co-operate with any "neutral" committee investigating the destruction of Pan Am flight 103 over Lockerbie in 1988. It denied responsibility. Page 2

Croatia ceasefire

The Yugoslav army and Croatia agreed terms for a new ceasefire – the thirteenth – in the rebel republic starting at 1700 GMT today, a European Community official said. Serbs tighten grip, Page 3

Husband jailed for rape

The first husband to appear in court for raping his wife, following a recent House of Lords ruling that it was illegal, was jailed for six years at the Old Bailey.

Ruling overturned

The US Court of Appeals overturned the five-count criminal conviction of John Poindexter, a White House national security adviser during Ronald Reagan's presidency, for covering up the Iran-Contra scandal. Page 3

Afghan deal

The Soviet Union and leaders of the Afghan opposition movements reached an agreement ending Soviet support for the Najibullah regime in Afghanistan and giving power to an "Islamic interim government".

Taiwan train crash

An express train crashed into the back of a stationary train in north-west Taiwan, killing at least 33 people and injuring more than 100.

Road accident kills 3

Three people died and eight were injured in an accident at Tollerton, Notts, involving a bus and an earth mover.

Brixton inquiry ruling

An inquiry by the governor of Brixton jail has decided no disciplinary charges are to be laid against four prison officers on duty when two alleged IRA members escaped from the prison in July.

School libraries boost

An extra £30m is to be injected into primary school libraries following an inspectors' report criticising lack of resources.

Film director dies

Tony Richardson, director of such films as Tom Jones and A Taste of Honey and plays such as Look Back in Anger, has died from Aids. He was 63. Weekend FT, Page XIX

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BUSINESS SUMMARY

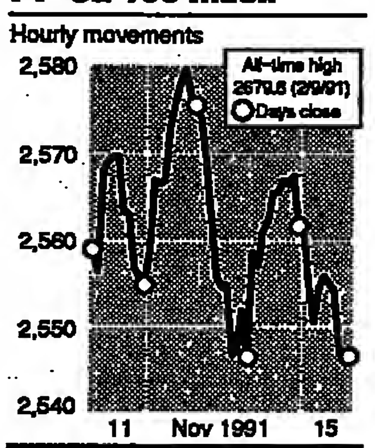
Lamont says UK on way to 'permanently low inflation'

Britain is on the way to becoming "a country of permanently low inflation", Norman Lamont said after official figures showed a sharp slowdown in the rate of rise of retail prices. According to the Central Statistical Office, the annual rate of rise in the retail prices index was 3.7 per cent last month, after 4.1 per cent in September. Page 24

LONDON equities: FT-SE 100 Index fell 15 to 2,546.6. The market has been erratic this week, rising to 2,578.3 on speculation that good inflation figures might produce a ½ point base rate cut. Shares fell back later in the week as the pound slipped to the bottom of its ERM range, and dropped further when RPI figures were not as good as hoped. London stocks, Page 15; Lex, Page 24; Market reports, Wkd, Page II

FT-SE 100 Index

Hourly movements



RUSSIAN government suspended Soviet export licences for Russian oil – amounting to 150m tonnes – throwing the international oil market into confusion. Boris Yeltsin also said Russia had taken control of Soviet gold reserves, estimated at 240 tonnes. Page 24

LABOUR party would introduce tougher regulation of privatised utilities involving the promotion of "escalating" customer service standards and a review of pricing formulas as well as "excessive profits". Page 24

UK MOTOR industry trade deficit fell by 67.5 per cent in the third quarter to £471m, from £1.45bn in the same period last year. The fall was a result of the recession, which has sharply depressed imports, and by a strong export performance. Page 6

AMERICAN Airlines, US carrier, plans to cut $8bn (£4.5bn) from its $22bn capital spending programme over the next five years. American's move could be a further blow for Rolls-Royce, UK aero-engine manufacturer which has become a significant supplier for the airline. Page 24 and Lex; Lufthansa in talks on US link, Page 12

POWERGEN: Mike Gibbons, energy policy and purchasing manager at Imperial Chemical Industries and one of the fiercest critics of the UK's electricity generators, is to join PowerGen, privatised electricity generator, at the end of the year. Page 10

HDTV: Ten electronics companies from Japan and the US are to work together to develop large-scale integrated circuits for Japan's high-definition television sets. Page 2

UNIT Trust Association is considering replacing the daily quotation of unit prices in newspapers with a system based on a charge-free telephone service. Page 6

Major seeks to maximise Tory support on EC

By Ralph Atkins

MR JOHN MAJOR has pledged to keep Britain at "the heart" of the European Community but fight off federalism as he seeks to maximise his support within the Conservative party on Europe in next week's House of Commons debate.

The cabinet has tailored the motion forming the basis for the two-day debate so that only the most anti-federalist of Tory MPs are likely to oppose the government.

A deliberate confrontation with a wide swathe of Euro-sceptics has been avoided with a form of words which just sets broad limits on how much the government is prepared to concede at next month's Maastricht summit.

However, the prime minister could still face opposition from the most vehement Tory anti-federalists, including Mrs Margaret Thatcher, his predecessor, who is expected to speak in the debate starting on Wednesday. The wording of the motion represents a direct challenge to right-wingers to decide whether to back or oppose Mr Major.

Mr Neil Kinnock, Labour leader, accused Mr Major of avoiding the "real issues" of Maastricht, "in another futile attempt at keeping the Tory party together".

Major to tell MPs of plans for summit ....Page 7

PM's first year: A manifesto, not a vision ....Page 8

Labour strategists will decide on the form of the party's amendment to the government motion over the weekend. Officials said it would be more positive about accepting in principle a single European currency and on enhancing the powers of the European parliament.

The motion says it is in Britain's interest to be able to shape the future of the EC and Europe as a whole, and backs Mr Major's determination to "exert the greatest influence on the economic evolution of the community".

It calls, however, for an agreement at Maastricht which "avoids the development of a federal Europe" and which preserves "the right of parliament to decide at a future date whether to adopt a single currency".

There is no direct mention of the European parliament, other than a call for an agreement which "increases the accountability of the [European] Commission; enhances the rule of law in the Community including improved implementation, enforcement and compliance with community legislation".

The wording on a single currency will be critical for the hard-line anti-federalists – including Mr Norman Tebbit, former party chairman – who believe Britain has gone far enough on economic, monetary and political union.

Senior ministers rejected accusations that the motion was unspecific, pointing out that it was a lengthy motion. One said it was a sign of a "confident government that we should publish the motion three or four days before the debate".

Mrs Thatcher is on a lecture tour in the US and will not return until Tuesday. However, Mr James Cran, MP for Beverley and a Euro-sceptic, said the prime minister would have to convince MPs that he was resisting the drive towards federalism.

"If he can't tell me that, then of course I will have difficulty supporting the motion," Mr Cran said.

Failure 'would set back Europe a generation'

Kohl puts personal plea for EC unity

By Quentin Peel in Bonn

CHANCELLOR Helmut Kohl of Germany yesterday issued a heartfelt plea – directed as much at Britain as anyone – for all members of the European Community to make an historic effort towards European integration at their summit in Maastricht.

He warned that failure to agree on a substantial treaty on political union, as well as economic and monetary union, would be "catastrophic for the development of Europe".

In a very personal and emotional intervention at the end of his two-day summit with President François Mitterrand of France, Mr Kohl said failure to seize the "historic opportunity" at Maastricht would set back European integration "for more than a generation, before we are able to take up the threads of Europe again."

For his part, Mr Mitterrand said failure to reach agreement would be "the beginning of the downfall of the Community" and mark the return of "competitive nationalism".

Their dramatic words marked the end of a meeting in which both sides agreed on almost all the main points still at issue in the European negotiations, and both said they were determined to work for a successful outcome. Their advisers also expressed growing optimism at the signs of movement from Britain, although they were cautious about how far it would go.

President Mitterrand makes a point yesterday during a news conference with Chancellor Kohl after their talks

At the same time, the two leaders were forced to agree on an uneasy compromise on the future of the European space programme, for which Germany can no longer find enough money to fund its share of the French-led Hermes space shuttle project.

They decided to propose a postponement of any final decision to go ahead with Hermes, and the parallel Columbus space station project, for another year and to use the time to seek further cost cuts and the possibility of bringing

Continued on Page 24

EC budget shake-up, Page 3

Abu Dhabi in secret talks on cash for depositors

By Richard Donkin and David Lascelles

SECRET negotiations are underway between Abu Dhabi and the provisional liquidators of the failed Bank of Credit and Commerce International which could result in a pay-out to depositors and creditors of the collapsed bank.

The plan would involve Abu Dhabi, the majority shareholder in BCCI, making a substantial cash payment in return for waivers by parties who have legal claims on the bank. It will be considered by the liquidators of BCCI's dozens of subsidiaries at a special meeting in Luxembourg on November 25.

The negotiations are aimed at securing a "global settlement" of all depositors' claims in the aftermath of BCCI's enforced closure by bank regulators last July, which wiped out billions of dollars of deposits.

The intention is that Mr Brian Smouha, the provisional liquidator of BCCI's Luxembourg-based holding company, should be able to speak for all the other liquidators and secure a single overall package.

On October 4, Abu Dhabi announced it had abandoned an earlier plan to salvage the UK arm of BCCI. The plan included a £50m fund to compensate depositors who lost their money. However, this did not mark the end of the negotiations about a bail-out for depositors, as was widely supposed.

According to a confidential affidavit filed by Mr Smouha on November 6 in the US bankruptcy court in New York, talks are still going on.

Mr Smouha says: "Contrary to certain press reports referred to by one of the objectors, the negotiations are ongoing and have not failed or been discontinued. In fact, the negotiations are making good (if slow) progress". He also makes clear, however, that Abu Dhabi is insisting on total secrecy for the talks.

"If the negotiations fail," he says, "the depositors and creditors of BCCI will suffer grave damage unnecessarily."

Sheikh Zayed bin Sultan Al Nahyan, the ruler of Abu Dhabi, is believed to be taking a direct interest in the plan because of his close personal involvement with BCCI, of which he was a customer and shareholder.

The settlement would be one way the oil-rich emirate, whose revenues amount to $12bn (£6.75bn) a year, could try to repair the damage done to its reputation by the scandal.

It is unclear how large a sum Abu Dhabi is prepared to put up to achieve the proposed settlement. However, one source close to the negotiations said last night: "If this goes through - and it's very complicated - people will say that the sheikh

Continued on Page 24

BEHIND CLOSED DOORS

PART SEVEN

'The final hours'

Page 4

Swapping salmon for oil proves a not so fishy story

By Karen Fossli in Oslo

BRITISH Petroleum might soon be swapping Norwegian salmon for Saudi Arabian oil.

One of the oil major's Norwegian subsidiaries has been given the job of marketing the 32,000 tonnes of unsold frozen salmon which is casting a shadow over Norway's salmon farming industry.

Norway is the world's biggest salmon producer, producing about 160,000 tonnes a year. But after several years of rapid expansion, over-production has caused a world glut.

T. Skretting, a big producer of salmon feed, plans to use BP's international trading network to sell or barter the frozen farmed salmon stocks. Mr Atle Eide, the company's managing director, said yesterday that in some cases the salmon could be traded for crude oil, petroleum products or other goods. A possible trading partner might be Saudi Arabia. As a last resort the fish could be ground into fish meal.

Lex..............................Page 24

Mr Eide stressed that the salmon would be sold outside the main markets for the delicacy, which are the EC, Japan and the US.

Earlier this month Scottish and Irish salmon producers demanded that the European Commission guarantee a floor price for fresh fish to prevent a collapse. Salmon farmers in Scotland are angry about the Norwegian government's role in bailing out its industry.

Norway's frozen salmon mountain is depressing world salmon prices and costing the Norwegian economy, already hit by a banking crisis, £200,000 a month to maintain.

Rather than sell the fish on to a depressed market Norway salmon farmers decided to freeze the fish instead in 1990.

The scheme, financed by Norway's struggling banking

Continued on Page 24

MARKETS

STERLING
New York lunchtime:
$1.7707
London:
$1.789 (1.7755)
DM2.8975 (2.895)
FFr9.9075 (9.8975)
SFr2.57 (same)
Y229.75 (230.5)
£ index 91.2 (91.3)

GOLD
New York Comex Dec
$360.1 (355.7)
London:
$355.9 (356.1)

N SEA OIL (Argus)
Brent 15-day Jan
$21.425 (20.775)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.6365
FFr5.5955
SFr1.45105
Y130.0
London:
DM1.638 (1.6305)
FFr5.60 (5.575)
SFr1.452 (1.4475)
Y129.9 (129.85)
$ index 63.6 (63.4)
Tokyo close: Y129.77

US LUNCHTIME RATES
Fed Funds: $4\frac{7}{8}$%
3-mo Treasury Bills:
4.731%
Long Bond:
$101\frac{5}{8}$
yield: 7.853%

STOCK INDICES
FT-SE 100:
2,546.6 (-15.0)
FT-A All-Share:
1,228.71 (−0.5%)
FT-SE Eurotrack 100:
1,109.27 (-0.51)
New York lunchtime:
DJ Ind. Av.
3,041.82 (−21.69)
S&P Comp
393.61 (−3.54)
Tokyo: Nikkei
24,088.18 (−77.38)

LONDON MONEY
3-month Interbank:
$10\frac{13}{32}$% ($10\frac{3}{8}$%)
Liffe long gilt future:
Dec $95\frac{5}{16}$ ($95\frac{11}{16}$)

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UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430006; UK Company News 0836 430002. Calls charged at 36p/minute cheap rate, 48p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128.

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Palestinian spokeswoman may be prosecuted

Arabs accuse Israel of trying to derail talks

By Hugh Carnegy in Jerusalem

ARAB leaders yesterday accused Israel of trying to derail Middle East peace talks after the Israeli police recommended that Mrs Hanan Ashrawi, the leading Palestinian spokeswoman and policymaker, be prosecuted for having contacts with the Palestine Liberation Organisation.

Although there is no certainty that the state prosecutor will take up the recommendation, reaction to the move was immediate. Mr Kamel Abu Jaber, the Jordanian foreign minister, called on the US and the Soviet Union, co-sponsors of the negotiating process begun in Madrid late last month, to intervene to prevent any prosecution.

"To put it mildly it is an affront to the international community and a challenge to the two co-sponsors. Definitely they should do something. It seems as if everything (the Israelis) are doing is to get a reaction to blow up the whole process," Mr Abu Jaber said.

Mrs Ashrawi who shot to prominence in Madrid as a highly effective advocate of the Palestinian cause, said the police action was an attempt to intimidate and silence her.

The police argued that Mrs Ashrawi, an English literature professor from the West Bank town of Ramallah, had broken Israeli laws forbidding any contact with the outlawed PLO, which Israel insists in keeping out of any direct role in negotiations. Israel Radio said the chief evidence was an interview Mrs Ashrawi gave to Jordanian television while inside the PLO office in Amman.

She and Mr Faisal Husseini, the leading Palestinian figure in the occupied territories, were investigated following reports they had secretly attended a meeting of the Palestine National Council, the PLO-dominated parliament-in-exile, in Algiers in September. No charges were made against Mr Husseini because of lack of evidence.

● Mr Shamir received a domestic boost yesterday when an opinion poll showed his Likud party growing in popularity following the Madrid conference. This contradicted another poll this week which showed that most Israelis disagreed with his absolute refusal to trade any of the occupied territories in exchange for peace, the main Arab demand.

The latest poll, taken after Madrid, showed the Likud gaining four percentage points to 37 per cent compared with August, while the opposition Labour party had slipped to 22 per cent from 24 per cent.

There appears to be majority support in theory for Labour's "land for peace" policy, but perennial worries about security make the electorate believe Mr Shamir and the Likud will strike the best deal for Israel in negotiations.

UPROAR IN THE ARAB CAMP: Mrs Ashrawi expresses disbelief to reporters yesterday after Israeli police recommended she be arrested

Fears grow of clashes in Kenya

By Julian Ozanne and Michael Holman in Nairobi

KENYA'S government and opposition headed for potentially violent confrontation last night as the country's multi-party movement denounced the arrest of its leadership and urged supporters to defy a ban on a rally to be held in Nairobi today.

In a harsh crackdown on the government's critics, likely to prompt calls for cuts in aid to Kenya, at least eight leaders and supporters of the Forum for the Restoration of Democracy (Ford) were detained during police raids late on Thursday night and early yesterday morning.

Some were taken to Nairobi's Wilson airport and put on board a 402 Cessna police aircraft and a helicopter with cardboard sheets covering the windows. Their destination was unknown.

Several Ford supporters were also arrested in the northern Kenyan town of Kisumu, where a public inquiry into the murder of Mr Robert Ouko, the former Kenyan foreign minister, is under way. Other opposition figures were in hiding last night as the police maintained checkpoints on roads into the city.

Defiant Ford leaders said they would go ahead with today's rally in Nairobi. A similar rally at the same venue in July last year erupted into four days of rioting which left at least 22 people dead.

Mr Paul Muite, a leading Nairobi lawyer who escaped the police swoop, demanded the immediate release of Mr Jaramogi Oginga Odinga, the 80-year-old former vice president of Kenya, Mr Gitobu Imanyara, editor of a monthly law journal, and six other detainees.

Calling for a national convention to discuss a new constitution, Mr Muite warned: "If chaos and bloodshed are to be avoided the government must resign and an interim one be appointed to oversee the transition to a multi-party system."

President Daniel arap Moi is certain to reject opposition demands but senior government officials note that the president has gradually shifted from a rigid refusal to end Kenya's one-party system to offering multi-party elections in "two to three years".

At the same time Mr Moi has started reforms both of the ruling Kanu party and the country's electoral system designed to combat corruption and ballot rigging and pave the way for elections as early as next February which would produce a fresh parliament. Officials believe the new parliament would be the appropriate forum for a debate on constitutional change.

However, it is unlikely that the increasingly impatient opposition will accept this gradual reform process. "President Moi is 90 per cent of this country's problem," said Mr Muite from his hiding place. "As long as he is in power change is not possible."

Yesterday's action comes 10 days before international donors meet to discuss the country's aid needs for the coming year. Kenya received around $1bn in the last financial year, about 30 per cent of its development budget.

Mr Smith Hempstone, the US ambassador to Kenya, described the governments actions as a "public relations disaster". A statement said: "The embassy strongly condemns this blatant interference in the civil and human rights of these individuals."

In London a Foreign Office spokesman said the British government was "very concerned". "The government has constantly urged the need to respect freedom of expression and the importance of allowing outlets for legitimate dissent in Kenya."

Japanese steel industry cuts output

By Stefan Wagstyl in Tokyo

JAPAN'S steel makers are cutting production in response to falling demand from carmakers and other users, amid mounting evidence that an economic slowdown is spreading across industry.

The steel companies have little hope that this week's reduction in the official discount rate, the Bank of Japan's key interest rate, will arrest the decline, at least in the short-term. The central bank reduced the rate from 5.5 per cent to 5 per cent, the second cut this year.

Crude steel output fell 5.9 per cent in October, compared with the same month last year, the third monthly decline in a row. The Ministry of International Trade and Industry forecasts that output for the October-December quarter will be down by 4.9 per cent at 27.45m tonnes, compared with the same period in 1990. The cuts have followed a sharp increase in inventories - to 8.4m tonnes at the end of June up from 7.6m tonnes a year earlier.

The products most seriously affected by the fall in demand include galvanised steel sheet for cars and H-beams used in building construction. Nippon Steel, the largest maker, said yesterday it was considering a large reduction in sheet production, which analysts estimate might be 20 per cent.

Kawasaki Steel, another leading manufacturer, said: "Not just sheet steel but everything is under review, particularly steel supplied for building materials."

By contrast, sales of products for the electronics industry and of special steels are holding up well, say the manufacturers.

Companies forecast that total sales for the year to the end of March will struggle to reach last year's levels. Nippon Steel is forecasting unchanged sales of Y2,600bn (£11.2bn) and Kawasaki a 1 per cent increase to Y1,200bn.

With prices falling for many products and labour costs continuing to rise, profits will be squeezed hard. Nippon Steel foresees a 30 per cent drop in pre-tax profits to Y110bn and Sumitomo Metal Industries, another leading maker, is bracing itself for a 40-45 per cent decline to about Y45bn.

● According to figures published yesterday, Miti has revised upwards the figures for industrial output growth for September from an initial estimated increase of 0.7 per cent to 0.9 per cent, compared with the same month last year. Inventory growth was also revised upwards from 9.0 per cent to 9.1 per cent.

Leading electronic companies to work together on HDTV

By Steven Butler in Tokyo and **Andrew Hill** in Brussels

TEN leading electronics companies, including eight from Japan and two from the US, have agreed to work together to develop large scale integrated circuits for Japan's high definition television sets.

The collaboration, including leading consumer companies like Matsushita (Panasonic/National brands), Sharp and Pioneer, is aimed at sharing the huge cost of developing smaller, cheaper, more sophisticated semiconductors by the spring of 1993 in order to speed the popularisation of HDTV, which offers the prospect of high-resolution, movie-like picture quality on television sets.

Japan, the first country in the world to begin experimental HDTV broadcasts, will start eight hours a day of broadcasts this month.

Confusion still surrounds the choice of HDTV standards in Europe and the US, making it difficult for electronics companies to develop products for these markets.

Consumer electronics companies worldwide have been keen to push forward with HDTV to make up for the lack of new products that have been the traditional source of growth in the industry, although it remains to be seen whether consumers will pay a high enough price for the products to justify the huge development costs.

The US government has applied strong pressure on the Japanese to make sure that US companies will not be left out of the development of new technology to serve the industry. The inclusion of two US companies is in part a response to this pressure.

The companies aim to cut the number of semiconductor chips used in HDTV sets by two-thirds, and power consumption by one half. They also hope to reduce prices to what the companies call a "fraction" of the current level. A high definition television set in Japan costs about Y4m (£17,300).

The agreement follows similar collaborations announced by Texas Instruments, Sony, Hitachi, and Fujitsu, and by LSI Logic and Sanyo.

In Europe, Philips of the Netherlands has said it will launch a range of HDTV sets to European standards early in 1994. EC manufacturers such as Philips, and Thomson of France, have invested heavily in new technology based on existing EC legislation which lays down Community-wide standards for HDTV.

But pressure from European broadcasters, which have built up an audience for programmes transmitted using different norms, may lead to the adoption of a more relaxed directive when the original measure expires at the end of this year.

Hong Kong discovers party politics

By Angus Foster in Hong Kong

HONG KONG moved closer towards western-style party politics and political confrontation yesterday when Mr Allen Lee, one of Hong Kong's most prominent leaders, resigned as senior member of the Legislative Council after criticism that he was no longer impartial.

Mr Lee, who will remain an ordinary member of the 60-seat council, or parliament, is setting up a conservative political grouping designed to counter the United Democrats of Hong Kong, the pro-democracy party which swept to victory in September's first partial direct elections.

Mr Lee's position as senior member, traditionally an independent conduit between the government and the Council, was at odds with his new politicised role.

The resignation paves the way for several changes in Hong Kong's system of government. It could also lead to the scrapping of various colonial institutions which many feel are out of date now Hong Kong has limited democracy. But the appearance of party politics and an independent council will anger China, which still does not recognise the body.

Mr Lee's new grouping, known as the Co-opted Resources Centre, has the support of 21 councillors. Most were appointed by the governor and none was directly elected. The grouping is expected to support pro-government and pro-business policies. It has successfully outmanoeuvred the Democrats, who hold 15 directly elected seats, in appointments to committees and in a debate on regulating Hong Kong's monopolies.

The government, which is made up of civil servants and in the past has governed by a mixture of consensus and colonial fiat, will now look to Mr Lee's grouping for support in the Council. It foresees problems in getting some legislation passed following the emergence of the grassroots Democrats.

It will also try to move towards a quasi-ministerial system of government. Senior pro-government politicians will replace civil servants as government spokesmen in the council and may take on a policy role. The emergence of party politics will also add weight to calls from the liberals for various quirks of the colonial system of government and constitution to be overhauled.

Libya offers to defend itself before neutral authority

By Our Foreign Staff

LIBYA sought yesterday to deflect the threat of American military retaliation following US and British allegations that two of its agents had been responsible for the Lockerbie disaster in 1988.

In a statement from Tripoli, Libya pledged to co-operate with any "neutral" committee investigating the bombing of Pan Am flight 103 which was destroyed by a terrorist bomb over Lockerbie in Scotland with the loss of 270 lives.

Libya categorically denied responsibility, insisted that it opposed terrorism and said it was ready to defend itself before "just and neutral judicial authorities or the UN's International Court of Justice".

There was no mention in the Libyan statement of the two men specifically accused by US and British investigators of having been responsible for placing the bomb on board the aircraft. The statement added that there had not been any attempt to contact Libya's "judicial authorities" to check the accuracy of the allegations.

Britain said yesterday that no deadline has been set for Libya to hand over the two men accused of the Lockerbie explosion but expressed "disappointment" at the initial Libyan reaction.

Officials said Mr John Major, the prime minister, would discuss in the next few days with President Bush what further steps might be taken, including possible military action against Libya.

In Washington, US officials stressed that consultations would continue for several days with its allies about the correct response to the Libyan involvement. They insist that no options have been ruled out.

Col Muammar Gadaffi, the Libyan leader, said during the Gulf crisis that if Iraq was defeated by the allied forces then Libya would be the next American target. The Libyan leader has in the past few months been seeking to improve relations with western European countries and with Egypt, a key US ally in the Middle East.

One of the possible sanctions being discussed will be a ban on air links with Libya, a move already demanded by some of the victims' relatives. This measure was foreshadowed at a 1987 summit in Venice of the Group of Seven.

Libya has no direct air links with the US or Britain, but it does with 38 other countries, including G7 members France, Germany and Italy.

France will join the discussions with the US and Britain, President François Mitterrand said yesterday. In a statement which suggests a sharp hardening in the French attitude, he said that the results of the French inquiry into the terrorist bombing of a UTA airliner over Chad appeared to confirm the US and British conclusions of Libyan complicity.

Tokyo takes steps to boost imports

By Robert Thomson in Tokyo

THE Japanese government will today unveil a package of import promotion proposals to Mrs Carla Hills, the US trade representative, in an attempt to stifle criticism in Washington of Japan's rapidly growing trade surplus.

The proposals, intended to increase the foreign share of government procurement contracts, follow the announcement of a "Global Partnership" campaign, an as yet undetailed plan to encourage Japanese companies to increase imports.

Under the proposed procurement scheme, the Japanese government will reduce the public bidding threshold from 130,000 Special Drawing Rights (£166,666) to 100,000 SDRs, and will increase the number of government agencies required to procure goods through public bidding.

Public announcement of the bids and their conditions will be made in English, and the tender deadline will be extended from 40 to 50 days. While Mrs Hills will be told of the proposals today, they will not be formally approved until a meeting of vice-ministers next week.

The US has condemned Japanese government procurement policies for alleged bias towards Japanese suppliers. The two countries have already agreed new procurement processes for supercomputers and satellites, and Washington has been pressing for transparency in purchases of computers.

The rush of new import promotion schemes follows mounting criticism of Japan's surplus with the US, which has risen for the past three months, and of its overall surplus, which was $63.5bn for the first 10 months, 39 per cent higher than last year.

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Kuwaitis renew love affair with the car

By Mark Nicholson in Kuwait City

HARD-PRESSED European car dealers should stop reading here. There is a land, far away, where car salesmen cannot shift new models fast enough, where customers are buying two or three vehicles at a time and where even the shippers cannot charter enough freighters to match demand.

Worse, few of the cars being sold are European. They are nearly all American, Japanese or South Korean.

The land is Kuwait, where new cars are selling at a rate conservatively estimated at 10,000 a month and limited only by the stock shortage. Most dealers predict the boom will last at least six months, even if supply bottlenecks ease.

This bonanza follows the return to the emirate of almost all the Kuwaitis who fled the Iraqi invasion – 600,000 of a pre-war population of 700,000 Kuwaitis are now thought to be back – and their rush to replace 250,000 or more cars which were wrecked or stolen by their pillaging Iraqi occupiers.

As Kuwait's newly choked streets and car parks full of gleaming cars testify, Kuwaitis have wasted no time in renewing their love affair with the motor car.

Most are buying on credit, aided by the government's write-off of all existing car loans and other bank debt for Kuwaiti citizens at the liberation.

The romance has been joyously consumated all this week at Kuwait's first post-war motor show, where it was hard to tell who was loving it most, consumers or salesmen.

"People here need no persuading to buy a car," said one beaming salesman on the Ford stand after having dealt with a horde of buyers. "It's easy."

All the easier, in fact, since most Kuwaiti households want to own at least two and often many more cars.

"I've replaced my Cadillac and Chevrolet and the Jeep for my youngest son," said one happy browser. "Now I'm looking for a Mazda sports for my eldest."

The biggest sellers, according to the dealers, are the Chevrolet Caprice, the Toyota Cressida and all makes of four-wheel drive, all-terrain vehicle, despite the fact that almost no off-road area in Kuwait is safe from mines or unexploded ordnance left over from the war. "It's because they're fashionable," said one young Kuwaiti.

"We would love to have double the amount of cars coming in," said Mr Marvi Kashkoush, sales chief for Al-Babtain, the main Nissan dealership.

The shippers are doing their best, but Mr Richard Semsel, representative for Hoegh-Ugland Autoliners, the main carrier of US cars to Kuwait, said they cannot keep up. Five vessels, each with more than 2,000 cars aboard, are due to dock in Kuwait this month from the US alone, he said.

But he added: "We're stretched to the limit – if any ships are available from the US east coast, we grab them."

But few European manufacturers have much to cheer about in Kuwait. Only Mercedes, Citroen, Jaguar and Land Rover had stands at the show, and only the Mercedes stand was doing much business.

The two Jaguars on display were, said their representative, the only two new ones in the country. "Because they didn't send us any more," he explained.

Serbs tighten grip on rump of Yugoslavia

By **Laura Silber** in Belgrade and **Judy Dempsey** in London

SERBIA yesterday moved closer towards setting up a rump Yugoslavia under its control after the federal parliament called for the resignation of Mr Ante Markovic, the federal prime minister, and Mr Budomir Loncar, his foreign minister.

Calls for the dismissal of the two ministers, both Croats, coincided with reports that the Serb-dominated federal army had attacked a hovercraft chartered by the United Nations' Childrens Fund (Unicef), and a refusal by the federal army to withdraw from the crisis zones in Croatia.

According to Croatian Radio, the hovercraft was attacked on its way to Dubrovnik to evacuate children and mothers from the medieval city which has been under repeated bombardment by the Yugoslav army.

But UN officials denied reports that the vessel had been fired on by a Yugoslav naval vessel.

Croatian radio also reported that at least three people were killed when four federal battleships bombarded Split.

The attempts to oust Mr Markovic and Mr Loncar were made in one of the two houses of the federal parliament, where deputies accused them of "working against Yugoslavia." It has to be passed by the other house as well.

The army said it too would preserve Yugoslavia as a state. Gen Marko Negovanovic, the deputy defence minister, told a Serbian weekly: "Those of us who want to remain in Yugoslavia, will get, with a sword, what we are ready to defend."

The federal Defence Ministry also accused Lord Carrington, chairman of the European Community peace conference, of misrepresenting the outcome of talks he held on Thursday with General Veljko Kadijevic, defence minister.

Lord Carrington said Gen Kadijevic had agreed to go to Zagreb to negotiate with Croat leaders on the lifting of a blockade around federal army barracks.

But the army yesterday said Gen Kadijevic had no intention of going to Zagreb, and denied it was considering a withdrawal from Croatia.

The role of the peace-keeping forces was one of the items raised yesterday during a meeting between Mr Douglas Hurd, the UK foreign secretary, and Mr Vlatko Jovanovic, Serbia's foreign minister.

Mr Hurd, who sharply criticised the army's bombing of Dubrovnik, was told by Mr Jovanovic that Serbia had no control over the army. Mr Jovanovic also said Serbia would agree to peace-keeping forces in Serb regions of Croatia.

A Serbian volunteer jumps from a window during the fighting in Vukovar yesterday

Efforts to reform bank laws in tatters

By **George Graham** in Washington

THE US government's efforts to reform the nation's patchwork of banking laws are in tatters after a fresh set of defeats in Congress.

For the second time in two weeks, the House of Representatives voted on Thursday night to reject a bill which would have provided more money for the bank insurance fund, which guarantees depositors if their bank collapses, and would have reformed bank regulations.

The bill would also have allowed banks to open branches outside their home states, loosening restrictions which make it considerably more difficult for a New York bank, say, to set up shop in South Dakota than Belgium.

The Senate, meanwhile, voted to drop from its version of the bill controversial measures to allow banks into a wider range of activities.

Senators have also voted to limit the interest rate banks may charge on credit card balances. The provision would at the moment place a cap of 14 per cent on credit card rates, compared with a current average of 19 to 20 per cent.

The amendment is opposed by the administration, and has provoked panic among the banks. Bank shares fell sharply on Thursday, and bankers warned that they would have to close around half their credit card accounts because they would be unprofitable at this level. This could leave as many as 60m people without credit cards.

The issue will not disappear, however, and becomes more urgent week by week, because of the need to provide up to $70bn of borrowing power to the bank insurance fund. The fund is expected to be bankrupt by the end of this year if it does not get more money.

Many congressmen now feel the only way of voting the necessary money for the deposit insurance fund is to add it to a technical budget measure, so that reluctant members can persuade themselves and their constituents that they did not vote for a bank bailout.

Pessimism grows over prospects for US economy

By **Michael Prowse** in Washington

SIGNS of a further sharp fall in consumer confidence and stagnant industrial production yesterday heightened pessimism about US economic prospects.

The closely-followed University of Michigan consumer sentiment index fell 10 per cent to 70.7 per cent early this month. The drop follows a sharp fall in October and brings the index to its lowest reading since February.

The figures – which may be revised as more data becomes available – suggest the sudden drop in consumer confidence that alarmed policymakers last month was no fluke. The drop points to a grim Christmas retail season, usually the period when department stores experience their highest sales.

"The collapse in confidence in the past two months suggests we may see negative growth in the fourth quarter," said Mr Allen Sinai, chief economist at the Boston Group, an economic consultancy.

Industrial production was flat in October, the Commerce Department said yesterday. Revised figures showed a marginal rise of 0.2 per cent in September and a fall of 0.1 per cent in August.

The failure of production to rise noticeably for three months running confirms loss of momentum in manufacturing – the sector that led recovery in the spring and early summer. The factory operating rate was lower last month than in July.

Yesterday's figures compounded anxiety prompted by poor figures earlier this week.

● Lionel Barber adds: President George Bush yesterday struck a more optimistic chord, predicting strong economic growth in 1992 leading to a "new era of prosperity".

His comments came as senior US officials confirmed that Mr Bush intends to wait until next January's State of the Union address to Congress to propose new economic growth measures. These could be used to as a platform for his re-election campaign.

Mr Bush was preparing yesterday to sign a bill which would extend benefits to several million unemployed Americans. The president had vetoed two previous Democrat-backed bills, but modified his opposition after his popularity dropped in the polls.

The bill would provide from six to 20 weeks of extra benefits for jobless workers who have already had 26 weeks of coverage.

Appeal court throws out Poindexter conviction

By **Lionel Barber** in Washington

THE US Court of Appeals yesterday threw out the five-count conviction of Mr John Poindexter, former national security adviser to President Reagan, for covering up the Iran-Contra arms-for-hostage scandal.

In a two-to-one ruling, the Court accepted defence arguments that prosecutors used testimony which Mr Poindexter gave under immunity during the 1987 Congressional hearings into the scandal.

A similar ruling earlier this year overturned the conviction of former Marine Lt Col Oliver North, the White House aide at the centre of the affair.

Mr Poindexter was the highest-ranking official convicted in the Iran-Contra affair, and had previously received a six-month jail sentence.

In a separate case yesterday, Mr Elliot Abrams, a senior State Department official during the Reagan administration, was sentenced to two years' probation and 100 hours' community service for withholding information from Congress about the secret arms and financial network to the Contras.

Commission plans big shake-up of EC budget

THE European Commission is preparing proposals for far-reaching reform of the EC budget, including a possible boost for Community resources by an energy tax which has yet to be agreed by the Twelve, writes David Gardner in Brussels.

The proposals have been prompted by repeated Spanish threats to block agreement on political and economic union at next month's Maastricht summit unless the new treaty commits the Community to channelling more funds towards its poorer members.

The Commission wants not only to increase substantially spending on poorer regions, but to create a new "convergence" fund to help the EC's least developed states – Spain, Ireland, Portugal and Greece – prepare for economic and monetary union.

On current thinking, senior officials say, this fund could also be used to help these countries meet EC environmental standards and put in place "transEuropean networks" – regional and cross-border transport and telecommunications links. Controversially, the Commission is also looking at an "industrial reconversion" fund, which the more free market member states like the UK may well see as a disguised policy to subsidise industry.

Added to the EC's growing financial commitments to eastern Europe and the Soviet Union, officials say the Commission is considering a budget of up to 1.6 per cent of EC gross domestic product; the budget is now set at 1.2 per cent of GDP, or Ecu65.2bn (£46bn) for next year.

The carbon and energy tax the Commission wants in order to curb greenhouse gases – which the Twelve have yet to agree and which is supposed to be fiscally neutral – is seen as a possible source of extra revenue. The tax could raise up to Ecu53bn a year.

This tax would be progressive, falling most heavily on the richer, most industrialised countries, whereas three fifths of the budget now comes from regressive, value added tax receipts, hitting the poorer countries hardest. But Spain is insisting on the principle of progressive taxation, including contributions by each member state according to its wealth, written into the treaty.

Finance ministers of the four poorer countries met Mr Jacques Delors, Commission president, on Sunday night, to press this view. Spanish ministers have since expressed irritation that Mr Delors did not insist on legally binding "cohesion" clauses in the treaty at this week's foreign ministers talks.

NEWS IN BRIEF

Sihanouk appeals for peace

PRINCE Norodom Sihanouk, Cambodia's hereditary monarch, appealed yesterday for reconciliation within the country and with its neighbours after two decades of bloodshed, reports Victor Mallet from Phnom Penh.

Prince Sihanouk, who made a triumphant return from exile on Thursday, is the popular figurehead in charge of the Supreme National Council, which will co-operate with the United Nations in preparing elections in about 18 months.

The Cambodian factions in the SNC, including the Chinese-backed Khmer Rouge and the existing government installed by Vietnam, will attempt to manipulate him or win his support in the months ahead.

Baker arrives in Beijing

Mr James Baker, US Secretary of State, arrived in Beijing yesterday, the most senior American official to visit China since the 1989 Tiananmen killings of pro-democracy protesters, Reuter reports from Beijing.

The human rights issue was expected to top his agenda in meetings with China's leaders.

French inflation eases to 2.5%

French inflation eased to an annual rate of 2.5 per cent last month, down from 2.6 per cent in September, according to provisional figures yesterday from the Insee state statistics institute, William Dawkins writes from Paris.

This leaves France with the lowest inflation rate in the Group of Seven industrialised countries.

Uranium leaves Iraq for Moscow

A first consignment of highly enriched uranium was flown out of Iraq to Moscow yesterday, the International Atomic Energy Agency (IAEA) said, Reuter reports from Vienna.

A statement issued by the Vienna-based UN Agency said a UN flight with 6.6kg of Uranium-235 left Baghdad for Moscow yesterday morning. The shipment conforms to a UN resolution aimed at destroying Iraq's nuclear, chemical, biological and ballistic arms capability.

Finland announces markka devaluation of 12.3%

By **Enrique Tessieri** in Helsinki

FINLAND announced yesterday that the markka had been devalued by 12.3 per cent. This came after strong speculative pressure had caused a heavy outflow of money abroad and short-term interest rates were forced up torecord levels.

The Bank of Finland said the new midpoint of the markka's fluctuation range against the Ecu basket would be 5.55841, compared with 4.87580 before yesterday's central bank decision to let the exchange rate float temporarily.

The government said in a statement it had decided to raise the fluctuation limits by 14 per cent and that this corresponded to a 12.3 per cent depreciation in the markka's external value.

Prime Minister Esko Aho's centre-right government was expected to win a vote of confidence from parliament last night.

Mr Markku Puntila and Mr Kalevi Sorsa, resigned as members of the Bank of Finland board after the devaluation was announced. They were both opposed to the decision.

Yesterday the Prime Minister continued to urge the unions to keep to the agreement on incomes aimed at cutting labour costs by 6.9 per cent in 1992. The powerful Metal Worker' Union, however, said it meant the incomes agreement had lost all validity.

The Helsinki markets reacted favourably to the news of the devaluation. Short-term market interest rates fell to 16.2 per cent yesterday. Trading at the Helsinki Stock Exchange also picked up. The Hex index rose by over 6 per cent and the price of forest company shares rose by 12.5 per cent.

Helsinki's action leaves Nordic nations untouched

Robert Taylor explains why no currency adjustment will be neccessary in Norway or Sweden

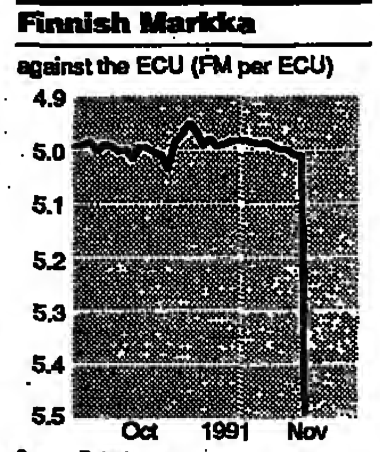
FINLAND'S decision to devalue is not expected to lead to a currency readjustment by any other country in the Nordic region. But containing the impact of the 12.3 per cent devaluation would not have been possible even six months ago.

Until last summer, Norway, Sweden and Finland weighted their currencies automatically against each other in their currency exchange baskets. When one of them devalued the others adjusted accordingly, as happened when Sweden devalued its krona in 1982.

Since May this year the Swedish krona has been linked to the European Currency Unit, the Ecu, following last October's decision by Norway to peg its own currency to the Ecu. Finland linked its marka to the Ecu this June. As a result Nordic region currencies are not weighted against one another any longer. What happens to the value of the markka has no direct knock-on effect on the other Nordic currencies.

This fact did not prevent some ripples of anxiety spreading across the Baltic Sea to Sweden. Market interest rates there rose in response to the events of the past two days in Helsinki. Indeed, the Stockholm bourse - also reeling from worst than expected third quarter results from the telecommunications group Ericsson and Electrolux, the white goods company - saw a 1.03 per cent fall in its general index yesterday in heavy trading.

Finnish Markka



Source: Datastream

But the Swedish authorities appear resolute. "Our exchange rate strategy is not being influenced by the Finnish action', said Mr Thomas Franzen, the Swedish Central Bank's deputy governor yesterday. "It is not important to us and will have no effect on us at all". He emphasised any Swedish devaluation would weaken the country's hopes of early accession.

"The Swedish krona's exchange rate must be held steady. The Finnish devaluation does not justify a Swedish exchange adjustment. Experience shows that they do not solve our problems," said Mr Magnus Lemel, head of Sweden's employers' federation yesterday.

Sweden's forestry industry is the most directly vulnerable if its hard-pressed Finnish competitors cut their pulp and paper prices and pick up added market share at Swedish expense. On Thursday Swedish paper and pulp shares fell by 7.2 per cent in value on the bourse and a further 1.44 per cent yesterday. But most forestry company employers have expressed opposition to any suggestion that the krona should be devalued.

Indeed, Finland's economic troubles are uniquely its own. The collapse of its once important Soviet trade in less than a year has coincided with a slump in Finland's main western export markets. So far this year production in the metal industries has sunk by 11.6 per cent and in paper and pulp by 10.6 per cent.

Finland in 1991 is expected to suffer a -5.0 per cent growth rate and unemployment rising to 10 per cent. Investment is set to drop by 16 per cent this year and the net foreign debt has climbed to 32 per cent of the country's gross domestic product.

"Most foreign economists were surprised we did not devalue in June when we linked the marka to the Ecu," said Mr Pentti Vartia, head of Etla, the independent economic research institute in Helsinki yesterday. Nonetheless yesterday's move has dented Finland's credibility on the exchange markets and the devaluation alone will not be enough to put the Finnish economy back on the road to recovery.

BCCI: BEHIND CLOSED DOORS

'The final hours'

PART SEVEN The truth at last began to unfold.

BCCI was a giant hall of mirrors; money that didn't exist, customers who didn't exist, money that went round in circles, money that vanished, and money that simply popped up out of nowhere

Closure and fallout: A shocked Robin Leigh-Pemberton and the Bank of England were spurred to act with great haste when the fraud became known on June 22

It came to be known as Kew: an anonymous apartment block in the Gulf emirate of Abu Dhabi. An armed guard stood at the door. Anyone entering had to identify themselves and sign a book.

Here, BCCI's files which held the key to the biggest bank fraud in history were stored after the bank transferred its headquarters from London in mid-1990. These included the secret files of Swaleh Naqvi, BCCI's chief executive, which concealed damning evidence of BCCI's four major frauds.

The files – more than 6,000 of them – were flown out in the first week of October in two special flights by BCCI's private Boeing. BCCI's auditors, Price Waterhouse, had been persuaded that investigation of the problem accounts could best be centralised in Abu Dhabi. The last files arrived just as Naqvi was forced to resign in a management purge initiated by Abu Dhabi.

The investigation was part of the deal in which the regulators agreed to a \$2.2bn bail-out of BCCI by Abu Dhabi in April 1990. It was launched in the strictest secrecy. Codewords were invented. BCCI itself was called Sandstorm. Other companies in the BCCI group were given the names of gardening tools (spade, fork). BCCI's clients were called after birds (blackbird, chaffinch).

The problem loan accounts were named after flowers (azalea, pansy). These were the accounts stored in the apartment block – hence the name Kew, after London's famous botanical gardens.

The final chapter of the BCCI story concerns how the damning information in those files came to light. Although Price Waterhouse had found the first evidence of manipulation in March 1990, it was not thought sufficient to stand in the way of Abu Dhabi's rescue. Abu Dhabi promised to look into the bank and clean it up.

The investigation began badly. The regulators and auditors had hoped Abu Dhabi would start work soon after the rescue was signed in May. But for months, little happened, and the promised restructuring kept on being delayed. "It was like trying to get blood out of a turnip", said one official.

This was partly due to the upheaval caused by the transfer of the headquarters and the outbreak of the Gulf war in August. The task of cleaning up a \$20bn bank was also immense for the small Gulf emirate with its almost total lack of financial expertise. But Abu Dhabi seemed to be dragging its feet, creating the suspicion among western officials about its readiness to get to grips with BCCI.

Rumours began to circulate in Abu Dhabi that Naqvi had briefed the ruler's officials on the extent of BCCI's problems several months before, causing Price Waterhouse to wonder whether there might be a cover-up. So in November, with the agreement of Abu Dhabi, it sealed the Naqvi files in Kew to ensure that it controlled the evidence.

By this time, Price Waterhouse was increasingly convinced of fraud in the bank. During the summer it had discovered that BCCI was using other banks and nominees as fronts for some of its questionable loans. Price Waterhouse wrote to Alfred Hartmann, chairman of BCCI's audit committee: ". . . we now believe that the previous management may have colluded with some of its major customers to misstate or disguise the underlying purpose of significant transactions."

The auditors also suspected that Abu Dhabi's representative on the BCCI board, Ghanem Faris Al Mazrui, head of the ruler's personal finance department, had approved new loans to the problem accounts since the bail-out. But Mazrui, through his representatives, has denied this to the FT.

In addition, the auditors had assessed BCCI's known bad loan problems. They concluded that it would take yet another chunk of Abu Dhabi money – this time \$1.5bn – to put them right.

Abu Dhabi's investigation was headed by Jauan Salem Al Dhaheri, the under-secretary in the Finance Department, who had a reputation as an inquisitor. One of the leading members was David Youngman, a former Middle East partner of Ernst & Young and long-standing contact of Mazrui's. Tall, silver-haired, he had also won Zayed's trust by helping to clean up a scandal at the Arab Monetary Fund. Now retired, he sports a Sussex county cricket club tie, of which he is treasurer. Another member was Neil Blair, an expert on problem loans from the Midland Bank. Also on the team were Chris Cowan and his colleagues from Price Waterhouse, and auditors from Ernst & Young. All had to sign strict confidentiality agreements, though Cowan had a let-out clause so that he could talk to the Bank of England.

The breakthrough came with the seizure of the Kew files. Price Waterhouse and Ernst & Young poured in teams of auditors to comb the documents. The truth began to unfold.

Price Waterhouse had known for some time that Naqvi kept special files because he always referred to them when asked for information. Cowan had mentioned them in a letter to Naqvi the previous February. But the auditors had not seen them because Naqvi kept many of them himself. They did not consider it their job to sift the chief executive's papers.

Many of the files were routine. But a few contained the key to the whole structure of fraud.

The vital documents completed loops of manipulation. They showed, for example, that what appeared as a loan on BCCI's books was really a cover-up for something else. Private letters from Naqvi promised not to hold borrowers liable for loans and to indemnify them against costs and losses. Documents showed that deposits had been diverted, fictitious loans created, and transactions laundered through other banks to conceal their origin, carrying the instruction: "Pay without mentioning our name".

Others held the key to BCCI's secret acquisition of US banks through nominees. One letter, cited by the Federal Reserve in its accusation, shows Naqvi promising an alleged nominee that his investment has been "so structured and financed that you shall have no liability whatsoever as to any loans, costs or expenses. . . In the unlikely event of any claims or demands made on you, we guarantee on behalf of the other investors, that we shall ensure that you would have no financial liability towards such claims."

Piecing this incredible story together was a gruelling job for the teams toiling in Kew. A deposit in the Cayman Islands might pass through BCCI's Kuwait subsidiary, a London clearing bank, and a private Swiss bank before landing in one of BCCI's front accounts.

At the peak, the auditors had about 300 people around the world trying to reassemble 32,000 separate transactions going back over 10 years. It was a giant hall of mirrors; money that didn't exist, money that did exist but was stolen, customers who didn't exist, customers who did exist but denied their loans, money that went round in circles, money that vanished and money that popped up out of nowhere.

One vital clue was the fact that BCCI had taken \$600m of deposits and not entered them on its books so that they could be diverted to plug holes in the balance sheet.

Zafar Iqbal, who became chief executive in October, knew of the existence of these deposits and, after consulting with the Abu Dhabi side, informed Price Waterhouse, who in turn advised him to inform the Bank of England.

Thus it was, on January 4 this year, that Iqbal laid the smoking gun before Roger Barnes, the Bank of England's head of supervision.

But it cannot have come as a surprise. Price Waterhouse's regular briefings would have alerted Bank officials to the contents of the Kew treasure trove, though it would still be weeks before its files were put into any clear shape.

However, Iqbal's visit put the regulators in a dilemma.

Abu Dhabi was now working on a second rescue to deal with the new loan problems identified by Price Waterhouse. This foresaw another huge capital injection and the partition of BCCI into three bits: Europe, Middle East and Hong Kong. The regulators did not want to scupper these efforts, so they decided on a two-track policy. They encouraged Abu Dhabi to keep working on its plan; they even wrote saying that the three-bank plan "appeared to constitute an acceptable basis for a restructuring".

But at the same time, the Bank of England at last turned the full force of its statutory powers on BCCI. On March 4, it asked Price Waterhouse to prepare a special report under section 41 of the Banking Act, which permits probes of banks whose depositors might be at risk.

The Bank decided not to call in the Serious Fraud Office until it saw what Price Waterhouse had to say.

Shortly afterwards, Mazrui, the main contact for the Bank and the auditors on the Abu Dhabi side, disappeared. This caused enormous anxiety, given the suspicions which still lurked in officials' minds as to whether Abu Dhabi was serious about sorting BCCI out.

They soon learnt what had happened.

Mazrui had taken to religion in a big way during the 1980s, growing a scraggy beard and shortening his robe in Islamic fundamentalist style. He was well-known for interrupting meetings to go to the mosque. Now, he had departed on a 40-day prayer mission to a remote corner of Pakistan, where he was virtually uncontactable.

When Mazrui eventually returned to Abu Dhabi, he insisted on remaining in solitude for another week, even though all connected with BCCI were clamouring to see him and his wife had just borne him a son. The incident underlined the yawning cultural gap between western officials and BCCI's Arab shareholders.

Also in April, Abu Dhabi's investigators made a progress report which laid out, for the first time, the scale of BCCI's fraud. Normally, a bank would immediately pass such a report on to its regulators. Abu Dhabi decided to sit tight, assuming that Cowan would communicate its contents to the Bank.

This was a mistake. Had it thought to discuss the report's contents with the Bank of England, it would have helped narrow the gap of mistrust.

Instead, when Price Waterhouse completed the first draft of its own report on June 22, the scale, if not the fact, of BCCI's fraud came as a shock to Brian Quinn, the Bank's director of supervision.

The report said it had information that Mazrui and Mohammed Habroush Al Suweidi, head of the ruler's finance department, had been briefed on the full extent of BCCI's problems 15 months earlier, in April 1990, but had said nothing to the auditors. Mazrui was also alleged by Price Waterhouse to have benefited from a no-risk share deal from Naqvi (though Mazrui has subsequently denied this). This confirmed the Bank's sense of unease about Abu Dhabi. In any case, the Bank now had serious doubts that Sheikh Zayed would bail BCCI out.

Meanwhile, in the US, separate investigations by the Fed and the New York District Attorney were reaching the point where they would publicly indict most of BCCI's main executives and several shareholders – which might kill the bank.

On July 1, Quinn went to see Barbara Mills, head of the Serious Fraud Office and later gave her the Price Waterhouse report.

Quinn then summoned the other members of the eight-nation regulatory "college" to the crucial meeting on July 2, where BCCI's fate was settled without Abu Dhabi's knowledge.

When told of this, Price Waterhouse was shocked. As far as it was concerned, the report was still only a draft. The auditors told the Bank in a covering letter that "findings are inevitably based on incomplete information" and certain details "have not been corroborated".

Although the Bank had agreed to indemnify the firm against any claims, Price Waterhouse knew it could still face a blizzard of lawsuits. In an affidavit filed after the shutdown, Cowan stressed that Price Waterhouse "cannot give unqualified support to the detail provided in the Draft Report".

Abu Dhabi, already at odds with Price Waterhouse, was later to launch a scathing attack on the firm for preparing the report while still acting as BCCI's auditor and adviser on the restructuring.

The timing of the shutdown was dictated by the supervisors' keenness to avoid disrupting the dollar markets (as BCCI was a dollar-based bank). Gerald Corrigan, the president of the New York Fed, made a secret trip to London a few days before to check arrangements.

The closure was set for 5pm New York time – 11pm Luxembourg time – on Friday July 5. This was just after Wall Street closed, giving the authorities a full weekend to handle the fall-out. It also coincided with a meeting which Mazrui was due to have with the Luxembourg authorities about the rescue, which would give the officials a chance to explain their action.

On Thursday, Quinn flew to Luxembourg, only to discover that companies there must be put into liquidation during business hours. The shutdown had to be brought forward by several hours. All that night, Quinn was on the 'phone to the dozens of regulators standing by around the world.

Finally, in agreement with Corrigan, who was interrupting his July 4 holiday, Quinn set a deadline of 2pm Luxembourg time – or 8am New York time, just before Wall Street opened. From his hotel, Quinn could see lights winking in BCCI's headquarters across the street.

At 9.30am, Mazrui came to the Institut Monétaire Luxembergeois as planned. Because there were still several hours before the deadline, Quinn and Pierre Jaans, the IML supervisor, had to filibuster. They knew that Abu Dhabi agencies had hundreds of millions of dollars of demand deposits with BCCI. If Mazrui got wind of the shutdown, Abu Dhabi could order it all to be withdrawn, throwing the bank into chaos.

Eventually, around mid-day, the officials gave him the news. Mazrui was dumbstruck. But why? he asked. Because of fraud, they told him. "But we've known about that for a long time," Mazrui said. "We thought you did too."

Although the timescale Mazrui was referring to in this remark was unclear, it was taken by the regulators as confirming their suspicions that Abu Dhabi knew of BCCI's manipulations – although Mazrui's representatives have denied it, pointing out that the Bank must have had its suspicions for many months as well.

Mazrui pointed to a file on the table. This, he said, contained authority from the crown prince Khalifa to commit a large sum of money to BCCI. If they postponed the closure, Abu Dhabi would rescue BCCI. The regulators stood firm. Mazrui quietly shook hands and left.

Jaans went to obtain a court liquidation order, only to learn that it was the day of the Luxembourg judiciary's annual picnic. There was no judge to be found, and it was well after mid-day. He finally located one, obtained the order and gave the go-ahead by mobile phone to Quinn, who was sweltering in the IML's unventilated offices.

At 12.45pm London time, Mairi Macmillan, senior accountant in the remote Scottish community of the Western Isles, was tidying up the local council's finances before going on holiday. In line with council policy of using BCCI because of its solid backing from Abu Dhabi, she placed another £1.6m with the bank, bringing the council's total deposits to £23m. Fifteen minutes later, the regulators swooped. BCCI became history.

BEHIND CLOSED DOORS

■ Written by David Lascelles, with contributions from: Richard Donkin, Alan Friedman, Christina Lamb, Richard Waters, Richard Tomkins, Bernard Simon, Chris Tighe, Jimmy Burns, James Buxton and Stephen Fidler

■ A reprint of the Behind Closed Doors series will be available in booklet form (48 pages) at £5 per copy. Contact: FT Marketing Department, 7th Floor, 50-64 Broadway, London, SW1H 0DB

Victims left to pick up the pieces

The hollow heart of BCCI still beats, faintly, in a high-rise office block on Hamdan Street in Abu Dhabi.

Repercussions of the July 5 closure continue to be felt around the world. Years may lapse before some victims of the collapse know how much compensation they may receive.

Some 14,000 former employees of the bank worldwide are coming to terms with life without BCCI. The handful who have been retained by Touche Ross the provisional liquidators await the end with resignation. The hopes and aspirations of Agha Hasan Abedi, its founder, evaporated with the shutdown.

Asked whether he was among the latest redundancies, a BCCI executive there at the beginning said: "Unfortunately not."

The fall of BCCI touched many lives:

- For British poll tax payers the loss of nearly £78m by local authorities which invested in BCCI could mean increased contributions. For Western Isles council, which had almost £23m in the bank, two hundred jobs are likely to go and the islanders' poll tax of £77 a head may rise to £200.
- For the Chinese government, BCCI has meant a \$400m loss and brief misery for many of its diplomatic staff who received their pay cheques through BCCI.
- For the Cameroons, Zimbabwe and many other Third World countries which entrusted their reserves to BCCI, it meant shoring these up.
- For a number of politicians in the the UK, the US and elsewhere, including some whose names have not yet hit the press, it heralded a period of embarrassment about their involvement with BCCI.
- Countless depositors have lost their savings, though many were hiding money from the tax authorities and the Inland Revenue is likely to take an interest in UK accounts in the long term.

Dire warnings of a new secondary banking crisis and capital flight have failed to materialise, but the affair shook people's confidence in banks around the world.

Lord Justice Bingham: questions for the Bank

Robert Morgenthau, the crusading district attorney from New York, is pursuing Agha Hasan Abedi, the founder of the bank and Swaleh Naqvi, BCCI's former chief operating officer who is in custody in Abu Dhabi. He claims that, through fraud, they obtained more than \$20bn from depositors.

The Serious Fraud Office, which was only told about the Bank of England's concerns on July 1 and handed documents on July 4, the day before the shutdown, pursues its inquiries in the UK.

Neither Abedi nor Naqvi are likely to face trial in the west.

The full story of BCCI's intelligence links may never be told. But the FT's investigation has thrown up a number of questions about the Central Intelligence Agency's long involvement with BCCI and the role of Britain's secret services in the affair.

The Federal Reserve has frozen \$37m of assets belonging to Ghaith Pharaon, the Saudi Arabian financier and BCCI shareholder, as it pursues an action to ban him from holding a US banking licence.

Meanwhile, Brian Smouha, the Touche Ross provisional liquidator for BCCI's holding company, is conducting secret negotiations with Abu Dhabi to strike a deal that would secure a once-and-for-all compensation payment from its government.

Hopes that lessons will be learnt in the UK from the affair would seem to rest with Lord Justice Bingham, commissioned by Norman Lamont, the chancellor of the exchequer to undertake an inquiry into the supervision of BCCI and whether the action taken by all the UK authorities was "appropriate and timely".

Bingham is one of Britain's most competent lawyers, tipped as a possible future Master of the Rolls. With a brilliant career at the bar behind him, he has a reputation as something of a giant-killer. He investigated big oil companies accused of sanctions busting in 1977.

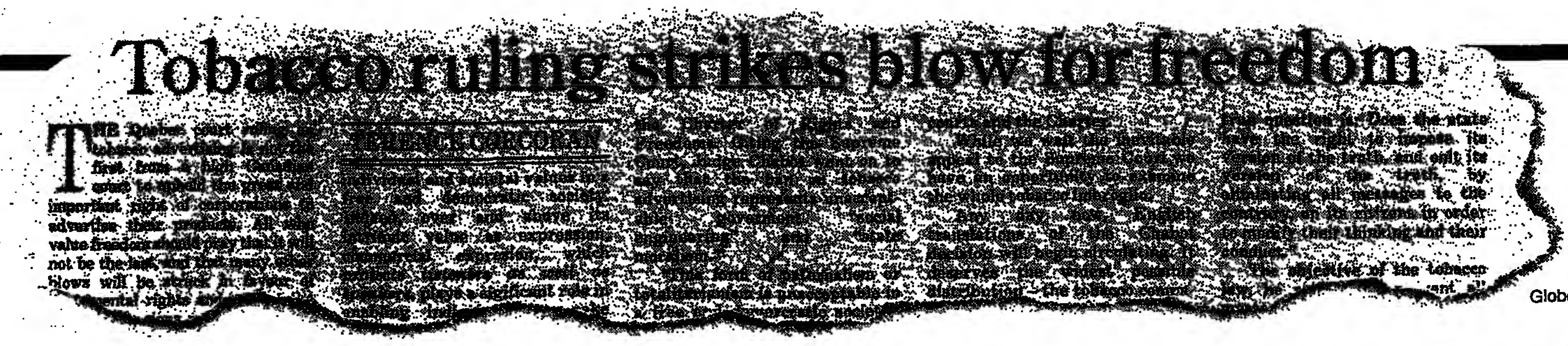
A fine-featured man with a beaky nose, he has derided what he calls the "anachronistic conventions and privileges" of the legal profession and has a reputation for rigorously pursuing the facts.

The Bank of England's inner struggle between the need to safeguard the interests of depositors and the need to winkle out fraudsters will come under his scrutiny.

Mr Robin Leigh-Pemberton, the governor of the Bank of England, told the House of Commons Treasury select committee in July: "If we closed down a bank every time we found an incidence of fraud, we would have rather fewer banks than we do at the moment." It was a telling comment which is sure to have been noted.

"LIBERTY IS SO PRECIOUS, IT MUST BE RATIONED."

LENIN


Tobacco ruling strikes blow for freedom

Globe & Mail

It would be hard to find too many supporters for Lenin's view.

The truth is that all democracies must be very careful about restrictions on liberty and especially about restrictions on freedom of expression.

A Canadian court ruled in July that banning tobacco advertising was "a form of censorship and social engineering which is incompatible with the very essence of a free and democratic society." So it struck down Canada's advertising ban.

Yet Brussels is still trying to ban tobacco advertising in Europe. Brussels is an odd and rather worrying place for the spirit of Lenin to linger on.

TOBACCO ADVISORY COUNCIL
Hear the other side

TOBACCO ADVISORY COUNCIL, GLEN HOUSE, STAG PLACE, LONDON SW1E 5AG. TELEPHONE: 071-828 2041. FACSIMILE: 071-630 9638.

Change possible in unit trust quoting

By John Authers

THE UNIT TRUST Association is investigating ways of replacing the daily quoting of unit prices in newspapers. Instead, prices could be quoted on a charge-free telephone service.

Mr Philip Warland, director-general of the UTA, is examining the proposal. He has support from many members of the UTA's executive committee, which includes representatives of the biggest unit trust companies.

In an interview with Financial Adviser, the trade paper published by the Financial Times, Mr Warland said: "It seems to me that most of the time we are forced to publish and pay for figures that no one looks at. Newspapers may have been okay in the 1890s, but we now have telephones which are cheaper and more efficient."

This is still only a proposal and may well not happen.

At present, unit trusts are obliged by the Securities and Investments Board to publish their prices daily in a national newspaper. Two papers – the Financial Times and The Daily Telegraph – carry full price information. Prices are also quoted extensively in other newspapers. The total cost to the unit trust industry is hard to estimate, but according to some UTA estimates it could reach £5m per year.

If an equally effective telephone service can be run at less cost it seems likely to be adopted.

Some, however, have doubts. Mr Graham Kane, managing director of Societe Generale Touche Remnant Unit Trusts, said: "We need to be absolutely satisfied that it would be as efficient a way of informing our unitholders before agreeing to it. There's a very long way to go before we would stop using newspapers altogether."

Mr Martin Harrison, managing director of Prolific Unit Trusts, said: "I think this has come about as a result of the frustration felt in the industry at the extent to which advertising prices have increased."

Motor trade deficit falls by 67.5%

By Kevin Done, Motor Industry Correspondent

THE UK MOTOR industry trade deficit fell by 67.5 per cent in the third quarter to £471m, from £1.449bn in the same period a year ago.

The rapid improvement has been initiated both by the recession, which has sharply depressed imports of new cars and commercial vehicles, and by the industry's strong export performance.

In the first nine months the deficit was reduced to £1.11bn from £4.41bn in the corresponding period a year ago, according to figures released yesterday by the Society of Motor Manufacturers and Traders.

The motor industry has been an important factor in the overall recovery in the UK balance of trade this year. In September alone the motor industry trade balance showed a small surplus of £28.3m

The deficit peaked at £6.6bn in the whole of 1989, before declining to £4.6bn in 1990.

The improvement reflects the deep recession in the UK new-vehicle market. In the first 10 months of the year new-car registrations fell by 21.6 per cent, and over the last two years new-car sales have dropped by 30.8 per cent.

The recession has hit the commercial vehicles market even harder with sales plunging by 43.6 per cent in the last two years and truck sales more than halving with a drop of 54.9 per cent.

Imports account for 56.1 per cent of the UK new-car market and for 35.5 per cent of new commercial vehicle sales.

In the third quarter the value of car imports fell by 27 per cent to £1.4bn reflecting a 35 per cent fall in import volumes. In the first nine months car imports showed a drop of 26 per cent by value and 32 per cent by volume.

The overall trade deficit in cars has improved by 61.7 per cent with a drop to £1.48bn in the first nine months from £3.86bn in the same period a year ago.

A big jump in UK car exports has also helped to reduce the deficit, reflecting both moves by Vauxhall, Ford and Rover to overcome the weakness of the domestic market, and the build-up of production by Nissan, the Japanese car maker, at its Sunderland assembly plant.

The value of car exports jumped by 43 per cent in the third quarter to £826m and by 43.8 per cent in the first nine months to £2.84bn.

While the overall value of motor industry exports continued to increase in the third quarter to reach £2.36bn, the year-on-year rate of growth slowed to 15 per cent from 19 per cent in the second quarter, said the society.

In the first nine months the value of exports rose by 17 per cent to £7.83bn.

In stark contrast imports of automotive products fell by 19 per cent in the third quarter to £2.83bn and by 20 per cent in the first nine months to £8.94bn.

UK MOTOR TRADE (£m)
January-September

	1991	1990
Exports		
Cars	2,841	1,976
Comm. vehicles	612	506
Parts and accessories	3,438	3,180
Others*	942	1,063
Imports		
Cars	4,322	5,838
Comm. vehicles	442	754
Parts and accessories	3,817	4,065
Others*	361	476
Trade balance		
Cars	−1,481	−3,862
Comm. vehicles	+170	−248
Parts and accessories	−379	−885
Others*	+581	+587
Total balance	−1,109	−4,409

*Others includes agricultural tractors, dumpers, trailers, caravans, industrial works trucks and freight containers.

Source: Society of Motor Manufacturers and Traders and Customs and Excise

Falling mortgage costs help slow RPI growth

By Peter Marsh, Economics Staff

A FALL in mortgage costs and in the price of baked beans, petfoods, and many types of home furnishings, was behind last month's slowing in the growth of the retail prices index, announced yesterday.

The price cuts in these areas failed to compensate for rises for items such as telephone charges, second-hand cars, bus fares, insurance services and clothes and shoes.

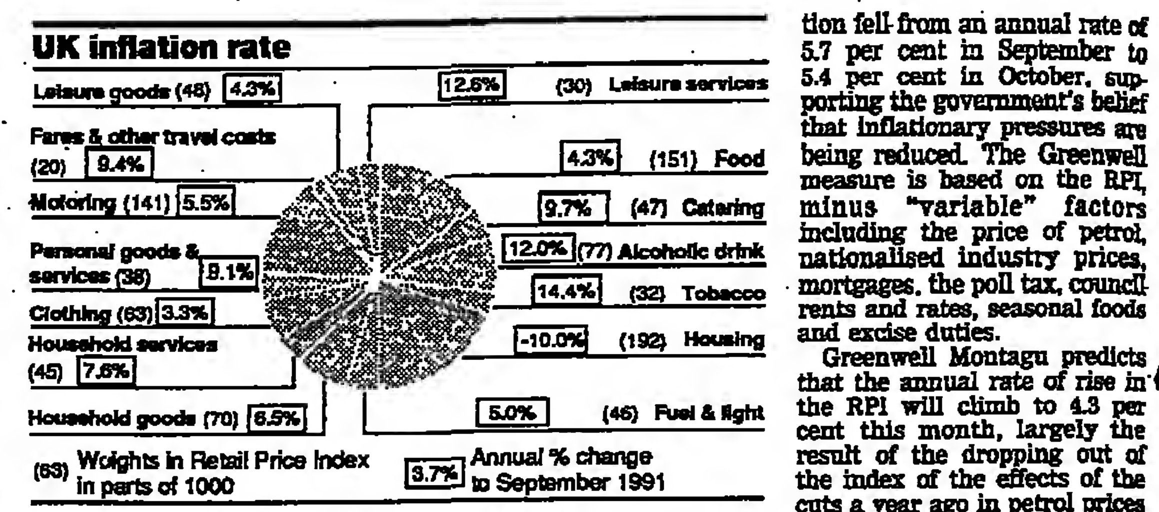
But as a result of the effect on the index of the large rise in oil prices and mortgage costs which took place last month 1990, the year-on-year increase in the RPI last month was restricted to 3.7 per cent, down from 4.1 per cent in September.

The change in the RPI between September and October this year was 0.4 per cent, from 134.6 to 135.1, based on a weighting in January 1987 of 100.

According to the Central Statistical Office, homeowners benefited from an average 0.4 percentage point reduction in mortgage interest rates on their mortgages last month, an after-effect of the 0.5 per cent cut in official interest rates to 10.5 per cent on September 4.

The mortgage effects reduced the RPI during October by 0.15 percentage points. As a result of a rise in other aspects of housing costs such as repairs and maintenance, the overall effect of the fall in prices in this area last month was to depress the RPI by 0.13 percentage points. On an annual basis, the housing component in the RPI was 10 per cent lower last month than in October 1990.

Downward pressure on the index also resulted from cuts in the prices of baked beans, and dogfood and catfood. Those petfoods saw a 3 per cent fall in prices last month, largely the result of sales campaigns. Prices of many kinds of furniture and furnishings also held steady or fell, the result of pressures on stores – many of which have been hard-hit by the recession – to increase volumes at the expense of margins.



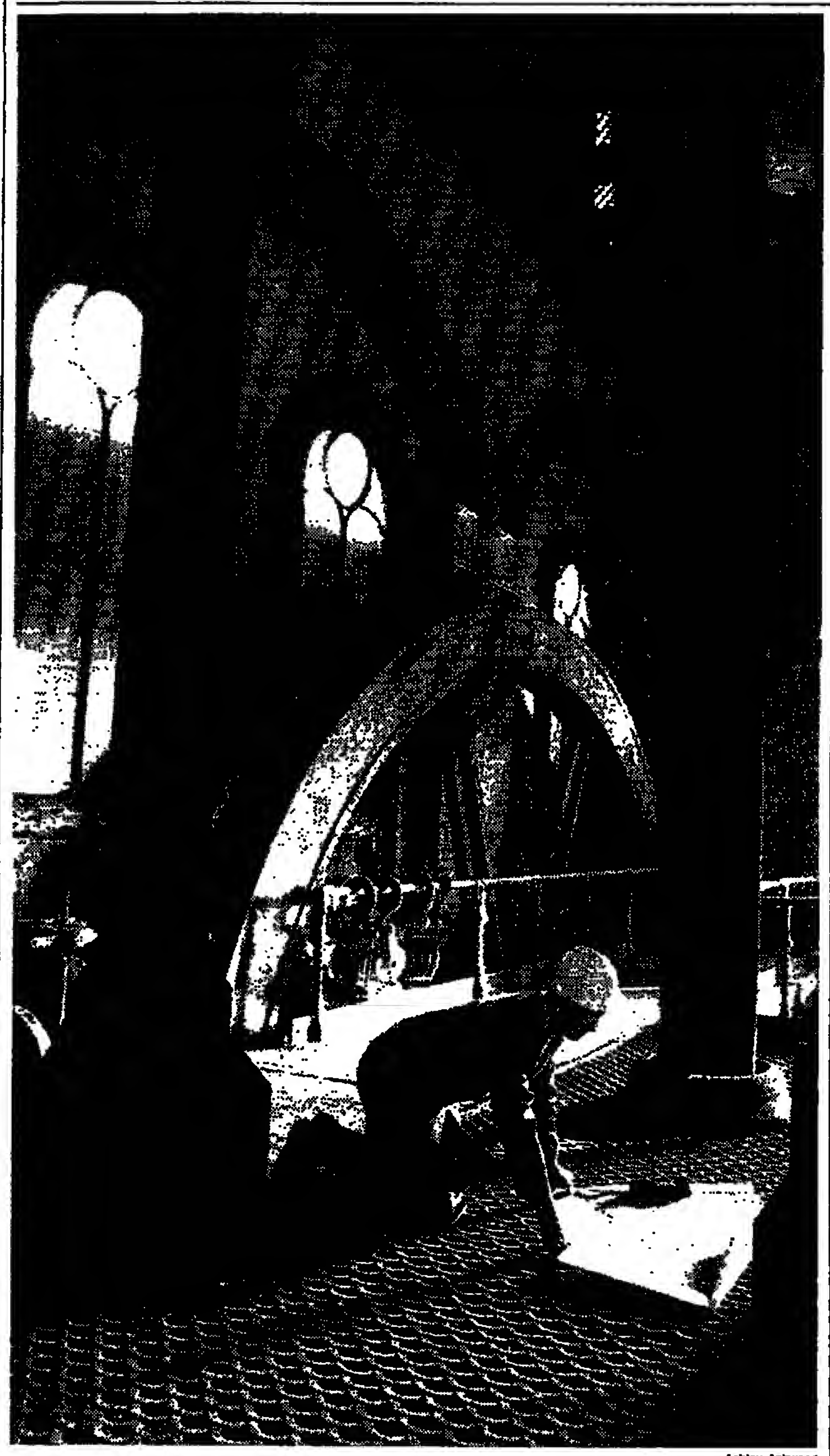
Seasonal foods rose during the month by 0.2 per cent, partly due to higher prices for fresh fish, eggs and vegetables, while motoring costs pushed up the RPI by 0.18 percentage points – just under half the total rise for the month. Behind this was a large rise in motor-insurance premiums, rising prices for second-hand cars and an increase of 2p a gallon in the price of 4-star petrol.

On a year-on-year basis, motoring costs last month were 5.5 per cent up on last year, while the price of household services rose by 1.2 per cent, or 7.6 per cent on a year-on-year basis, partly due to increased costs of household insurance.

According to an index of "core" inflation compiled by Greenwell Montagu, the stockbroker, this measure of inflation fell from an annual rate of 5.7 per cent in September to 5.4 per cent in October, supporting the government's belief that inflationary pressures are being reduced. The Greenwell measure is based on the RPI, minus "variable" factors including the price of petrol, nationalised industry prices, mortgages, the poll tax, council rents and rates, seasonal foods and excise duties.

Greenwell Montagu predicts that the annual rate of rise in the RPI will climb to 4.3 per cent this month, largely the result of the dropping out of the index of the effects of the cuts a year ago in petrol prices and in mortgage costs. It believes the rate will climb to 4.6 per cent next month, and fall to 3.5 per cent by the end of next year.

On the Greenwell measure, "core" retail inflation peaked at an annual rate of 6.6 per cent in autumn last year and will stay at about 5.5 per cent for several months before declining to 2.9 per cent by the end of next year.



Ashley Ashwood

Future secured: Mary Sweeting, an employee of Thames Water, the water supply company, examines plans of the Crossness pumping station in south-east London. The station, opened in 1865, formed part of the co-ordinated sewerage system which ended centuries in which the River Thames in London had been used as an open sewer. The future of the Grade 1 listed building and its beam engines, thought to be the largest of their type surviving, was ensured yesterday when Thames and the Crossness Engines Trust signed an agreement for their preservation. The engine house was built by Sir Joseph Bazalgette, best known for designing the sewerage network alongside the river.

Farmers win aid to boost marketing

By Guy de Jonquières and David Blackwell

THE government plans to provide £5.4m in grants to farmers who set up joint organisations to sell their products, as part of a drive to improve the marketing of British food.

The grants were announced after a meeting at Downing Street yesterday between Mr John Major, the prime minister, and 20 senior representatives from farming, food manufacturing and retailing.

Mr Major called the meeting to discuss ways in which the three sectors could co-operate more closely to strengthen the competitiveness of the food industry. Britain's food trade deficit last year reached £6.6bn, almost half the £13.8bn current account deficit.

Mr John Gummer, agriculture secretary, said the manufacturers and large retailers had committed themselves to a range of voluntary measures to help farmers market their products better.

The retailers, which included the leading supermarket chains, had agreed to seek ways of increasing the amount of food they sourced in Britain and to consider labelling more clearly the national origin of foods they sold.

They and manufacturers had also offered to lend managers to farmers' producer groups to advise on exporting.

The grants scheme is to start in April, running for three years. It will cover half the costs of setting up joint marketing groups, including feasibility studies, legal fees, chief executives' pay and training.

The proportion of food products marketed through producer co-operatives is much lower in Britain than in countries such as Denmark, France and the Netherlands, where the smaller size of holdings has given farmers a stronger incentive to join together.

However, Mr Gummer said even the largest British farms could no longer afford to stand alone when food surpluses and uncertainties about the future of agricultural policy made a stronger marketing effort essential.

Increased emphasis on marketing is part of a policy document launched by the agriculture ministry yesterday. Entitled "Our farming future", it sets out broad goals in areas including trade, reform of the Common Agricultural Policy and the environment.

Mr Gummer said the document was only an interim statement, since it was impossible to forecast the outcome of the current Uruguay Round negotiations on the General Agreement on Tariffs and Trade or of European Community plans for the Common Agricultural Policy.

The document proposes another 12 environmentally sensitive areas in England, and further new areas in Scotland, Wales and Northern Ireland. By 1994-95 spending on ESAs, which are at the heart of the "green" debate on farming, will have risen to £64.6m – five times the present amount.

Mr Gummer would not name the new areas yesterday. But he said ESAs were being copied in Europe and had proved the most important environmental policy for many years.

Lilley and Howard in business advice accord

By Lisa Wood, Labour Staff

A CHANNEL for government advice to medium and small businesses was established yesterday between the Department of Employment and the Department of Trade and Industry.

Both the DTI and the employment department, through its network of training and enterprise councils (Tecs), provide advice and assistance to businesses.

Tecs say many companies are confused by the number of advice agencies and they have been pressing for some months for the transfer of the DTI's responsibility, the Enterprise Initiative, to them. The Enterprise Initiative, administered by regional offices of the DTI, helps mainly medium-sized businesses, while Tecs provide help to smaller ones.

The accord struck yesterday by Mr Peter Lilley, industry secretary, and Mr Michael Howard, employment secretary, falls short of Tecs' demands.

A joint statement said: "We want the partnership between the DTI and Tecs to grow as many of their activities are complementary."

Mr Peter Clark, chairman of North and Mid Cheshire Tec, who has been pressing for greater co-operation between the two departments, said: "This is a start of a partnership and is the right route to be going. It is a start."

Science teaching 'improved'

By John Willman, Public Policy Editor

THE STANDARD of teaching in mathematics and science in schools improved in the 1989-90 academic year, according to a report published yesterday by Her Majesty's Inspectors of Schools.

The report, on the first year of operation of the national curriculum in England and Wales, also commended standards in reading and writing as "satisfactory or better in most schools".

However, the inspectors found staffing difficulties in many secondary schools and some primary schools. The curriculum was also found to be unbalanced in most primary schools.

● An extra £30m is to be provided over the next two years to buy books for primary school libraries, after another inspectors' report highlighted unsatisfactory provision in almost half of those surveyed.

The Implementation of the Curricular Requirements of the Education Reform Act. HMSO. £2.95.

HMI Report on Library Provision and Use in 42 Primary Schools. DES Publications Despatch Centre, Honeypot Lane, Stanmore. HA7 1AZ. Free.

Putting the case for animal research

Two scientists speak to Peter Marsh about why they believe their work is vital for medical advance

DR JOE Clifford, an experienced animal-research scientist, defends his work. "Think of the large number of burns victims who need treatment after an aircraft crash. Helping them is more important than what happens to an individual animal."

The ethics of animal experimentation came under the spotlight this week. First leading medical charities launched a campaign to justify the use of animals in experiments, and attacked the growing use of violence and intimidation by anti-vivisectionists. Then 10 people were arrested after threats from animal-rights activists to contaminate bottles of Lucozade.

No tampering was found but SmithKline Beecham, the Anglo-American drugs and consumer goods company which makes the drink, destroyed the contents of 5m bottles. The drink went back on sales yesterday.

Dr Clifford works in a product-testing laboratory in eastern England. This is not his real name; like many scientists who work on animals, he feels under threat and asked for his identity to remain secret.

He is one of 20,000 researchers with a Home Office licence to experiment on animals – a vital area of medicines research and in the UK's £5bn-a-year pharmaceuticals industry. Last year, some scientists who use animals in their research were the victims of bombing campaigns, causing widespread anxiety in the scientific community.

SmithKline Beecham employs about 2,000 research staff in the UK, many involved in animal work. It appears to have been the Animal Liberation Front that targeted the company's product to highlight its opposition to animal experiments.

Dr Clifford, a biologist, has held his Home Office licence since the 1950s. He has experimented on "several thousand" rats, horses, dogs, cats and cows. One of his specialities is devising ways to encourage skin to re-grow after severe burns. This field, like many other medical disciplines, involves a large number of tests on animals to help find out about basic physiological processes, and to try out treatments.

"Every few months I ask myself whether I can justify my work," says Dr Clifford. "The answer is that I can. Hardly anyone would want to test a new chemical on a person before doing trials with animals. In a society which accepts killing animals for meat, I cannot see the moral argument against using animals to fight illness."

Dr Clifford says many of the people working on these experiments go out of their way to ensure they feel no pain and suffer only a small degree of discomfort.

"I have a pet cat and make sure I look after it," he says. Dr Clifford also has a large garden, in which he keeps frogs and toads, making sure they have enough food to survive during the winter. He asserts: "There is more cruelty to animals outside laboratories than inside."

He avoids discussing whether people have a "right" to work on animals because of their greater intelligence. Dr Clifford says such arguments get bogged down in theory. He prefers a more practical approach. "The wealth of animal species makes the world a fascinating place. However, the fact is that animals are in our power. So the work I do reflects reality. As responsible citizens, however, we have to exercise this power in a responsible way."

Dr Clifford says he used not to worry about his safety, because "there were so many of us in animal experiments". But last year's attacks made him think more carefully about security.

One of the few scientists prepared to be quoted under his real name is Professor Colin Blakemore, of the physiology department at Oxford University. An outspoken defender of animal experiments, the professor is a hate figure for certain sections of the animal-rights lobby. He has been threatened several times.

Prof Blakemore says more scientists should speak up, rather than dodge the issue on account of fear. "We have to press home that virtually every medical advance is based on work on animals," he says. "If you believe animal research is wrong, that's the same as denying your children medical treatment and stopping research on cancer."

UDR part-timers called out as Ulster tension grows

By Ralph Atkins, Tim Coone and David White

TENSION in Northern Ireland heightened yesterday as terrorist atrocities led to the call out of 1,400 army part-timers and a row over the failed extradition of two IRA paramilitaries from the Irish Republic *threatened to sour* Anglo-Irish relations.

Part-time soldiers in the Ulster Defence Regiment (UDR) were called out for full-time duties for the first time since 1988 as the government sought to hold back from sending in more mainland forces.

The call-out will put several hundred more soldiers on street patrol in Belfast in support of the Royal Ulster Constabulary. More than 100 regular British troops had earlier moved into Belfast from other areas of Northern Ireland.

Mr Peter Brooke, Northern Ireland secretary, indicated that the option of sending extra troops from the mainland was being kept in reserve.

Political progress in Northern Ireland, already overshadowed by Unionist concerns over security, was further marginalised by a ruling in the Dublin Supreme Court which overturned a 1990 decision by the High Court to extradite two convicted IRA paramilitaries to the UK.

Mr Anthony Sloan and Mr Michael McKee were sentenced in 1981 in Northern Ireland to 20 years' imprisonment for the possession of firearms with intent. They escaped from the Crumlin Road Prison in Belfast, along with a third IRA man Mr Patrick McGee. All three were re-arrested in the Irish Republic and sentenced to 10 years imprisonment for the jail break. The UK began extradition proceedings on their release in 1989. However, possession of firearms with intent, as opposed to the actual use of the weapons, is not an extraditable offence.

The Supreme Court upheld the High Court ruling that Mr McGee should be extradited.

After the rulings the Rev Ian Paisley, leader of the Democratic Unionist party, described the Irish government as, "the allies of the IRA".

The Irish government removed some of the sting by announcing that it would be reviewing extradition procedures.The Justice Ministry in Dublin said the judgment would receive "a careful and detailed study *including the consideration of* appropriate amendments to the existing legislation should it be necessary".

Unionists MPs are demanding a security initiative and many want internment without trial. So far this year, 84 people have died as a result of terrorism in Northern Ireland. On BBC Radio, Mr Brooke acknowledged that "round table" talks were unlikely before the British general election.

Yesterday's call-out order by Lt Gen Sir John Wilsey, General *Officer Commanding* Northern Ireland, affects part-time members of three UDR battalions based in the areas where the recent outbreaks of violence have been focused. These are north and east Belfast and the Craigavon-Portadown area west of the city.

Terrorists tread fine line of 'acceptable violence'

Tim Coone on why security policy in the province is under scrutiny

SECURITY policy in Northern Ireland is once again under scrutiny following the recent upsurge in sectarian killings in the province.

"The troubles", which began 22 years ago, continue unabated, while Unionists renew their calls for more police, troops and the reintroduction of internment.

At the Newry border crossing from the Irish Republic into Northern Ireland, British soldiers in flak jackets armed with automatic rifles shout out the registration numbers of cars wishing to cross, for checking by a soldier hidden behind a thick glass window in a reinforced concrete bunker.

The structure is surrounded with steel mesh to guard against missile attacks.

A soldier with a London accent asks: "Where are you heading sir?"

"Belfast."

"Are you going for business or pleasure sir?"

"Just business."

"I was going to say!" he replies – the idea of going to Belfast for pleasure was out of the question.

Apart from these border crossings and the omnipresent military patrols on the Belfast streets, there is little evidence of what military experts term the "low-intensity war" which is taking place in Ulster.

The bomb attacks and sectarian killings have intensified in recent weeks and cannot fail to catch attention, but for most people life goes on much as normal.

For the security forces and the politicians, however, any upsurge in violence demands a response.

That response came on Thursday, with the announcement that the Royal Ulster Constabulary (RUC) was to receive a further 440 recruits. Yesterday, hundreds of part-time soldiers from the Ulster Defence Regiment (UDR) were called up to full-time duty for deployment in Belfast. The Army says further measures are "under consideration".

These may include sending more troops to Ulster to increase patrols of notorious trouble spots such as the Shankill and Falls Roads areas of Belfast.

Here terrorists from both sides of the sectarian divide can mingle unnoticed in crowds, carry out hit-and-run attacks and disappear as quickly as they appeared.

Military officials in Northern Ireland say the IRA, and its Loyalist counterpart, the Ulster Volunteer Force (UVF), are treading close to an imprecise line marking what is unofficially described as "an acceptable level of violence".

Recent outrages, such as the IRA bomb attack against the Musgrave Road Hospital in Belfast, which killed two soldiers, has heightened the frustration and anger of Unionists who want to see the security forces crack down on the IRA by reintroducing internment.

But detention without trial of paramilitary suspects brought disastrous results in 1971 – violence spiralled out of *control and Army and civilian* deaths were higher in 1972 than at any other time.

Supt Bill Scott of the RUC says there are some 350-500 known active members of the IRA and between 70 and 80 known Loyalist paramilitary operatives in Northern Ireland. If internment were reintroduced, "the majority of the hardliners and murderers could be lifted". Many had been interrogated, "but we face the perennial problem of not having the evidence to make the charges stand up in court".

He says witnesses will not come forward or are intimidated, and the IRA has become expert in not leaving forensic evidence of its activities and in resisting interrogation. Only when caught in the act, or in possession of weapons, can terrorists be put behind bars. In spite of these limitations the RUC has charged 325 paramilitary suspects so far this year.

But to have any chance of success, internment would have to be introduced simultaneously in Northern Ireland and the Irish Republic. Otherwise, Republicans could flee across the border.

In the present political turmoil south of the border, where the leadership of Mr Charles Haughey, the prime minister, is coming under attack almost daily, raising the internment issue would probably seal his fate. Mr Peter Brooke, Northern Ireland secretary, has made clear that *internment would be* considered only in exceptional circumstances.

Strengthening the RUC is therefore the least-cost political option in combatting the gunmen.

The RUC has some 11,750 full-time officers and 2,000 part-timers. Army strength is 10,500 backed by 6,100 troops of the UDR. A reinforced police presence on the streets will make the movement of arms and explosives more problematic *for the terrorists,* but has to be weighed against disruption to life in the province.

Cost is also a consideration. With an annual budget of £500m, the RUC is the second-biggest police force in the UK after London's Metropolitan Police. The additional cost of keeping the troops in Northern Ireland was £206m last year.

The security forces estimate that the IRA has sufficient weapons and explosives to continue its present rate of activity *until the end of the decade.*

The upsurge in Loyalist killings in recent months has compounded the security forces' problems. This year 37 murders have been attributed to Loyalists, the highest level since the troubles began.

In the present political vacuum, recruiting more police is clearly a stop-gap option, but it does raise the uncomfortable and probably unanswerable question as to exactly how many police and troops would *be necessary to defeat the* terrorists in Ulster. The reality is that the security forces can do little more than try to hold that imprecise line known as "the acceptable level of violence".

Full-blast: Terrorists have stepped up bomb attacks and sectarian killings, but for most people life goes on as normal

Citizen redress may be restricted

COMPENSATION FOR poor standards of public service will not be available in all circumstances under the Citizen's Charter, the government said yesterday, David Owen writes.

Mr Francis Maude, financial secretary to the Treasury, said during a Commons debate on the charter that he advocated compensation only where it could "increase rather than detract from" efficiency.

For Labour, Mr Chris Smith, Treasury spokesman, said that his party was not opposed to many of the principles in the charter, but believed that the government's specific proposals would not be effective.

Mr Steven Norris, Conservative MP for Epping Forest, warned against assuming that "cheapest is best" when contracting out public services.

Restrictions on local authorities

FOUR English local authorities have been forbidden by Mr Michael Heseltine, environment secretary, to employ their own direct labour organisations for some building and highways work, after running up losses of almost £2m between them in 1989-90. Local authorities which carry out such services are expected to achieve a 5 per cent return on capital.

One of the four, Harrogate Borough Council, has also been required to put refuse collection out to tender. The direct labour organisation can bid for the contract, but Mr Heseltine's permission would *be required if it* was awarded to it.

Jack Lyons wins costs reduction

MR JACK LYONS, the millionaire financier fined £3m last year for his part in the Guinness *affair,* has won a reduction in the £440,000 costs order made against him.

The Appeal Court yesterday cut the costs to £330,000 to bring them into line with similar reductions made earlier this year in appeals by two of Mr Lyons' co-accused, Mr Gerald Ronson, head of the Heron group, and Mr Anthony Parnes, a City stockbroker.

● The trial of former merchant bankers Mr Roger Seelig and Lord Spens over their involvement in the Guinness affair will continue on Monday.

Rail route to be re-signalled

THE RAILWAY between London's Fenchurch Street and Southend-on-Sea in Essex, reputedly one of Britain's most unreliable, is to be re-signalled at a cost of £50m, British Rail announced yesterday.

The decision comes three days after Sir Bob Reid, BR's chairman, travelled on the route and faced angry protests from passengers and local MPs.

Metro link opens

PASSENGER services on a £12.25m extension of Tyneside's *Metro rapid-transit system* to Newcastle Airport begin operating tomorrow. The line, the first development of the system since 1984, links the airport directly to British Rail services.

Government actuary dies

SIR EDWARD JOHNSTON, who was the government actuary from 1973 until 1989, has died aged 62.

Sir Edward, who was knighted in the 1989 New Year's Honours List, joined the government actuary's department in 1958 from Equity & Law Life Assurance Society and was appointed principal actuary in 1970.

He was a member of the Council of the Institute of Actuaries from 1973 to 1988 and vice-president from 1985 to 1987. He was president of the Pensions Management Institute from 1985 to 1987.

Sir Edward became a director of Noble Lowndes Actuarial Services and a trustee of the Occupational Pensions Advisory Service after he retired.

THE BLUE ARROW TRIAL

Ethics of indemnity 'were questioned'

By John Mason

THE LEGALITY and ethics of the no-loss indemnity offered by County NatWest to cover Blue Arrow shares were questioned, Mr Martin Gibbs, the former Phillips & Drew head of corporate finance, said at the Old Bailey yesterday.

After the close of the 1987 issue, in which both advisers had bought shares, County asked P&D to take a further 4.5 per cent holding, Mr Gibbs said.

County then had a 13 per cent stake which it wanted to avoid disclosing under the Companies Act, he said. P&D was not interested in taking the shares, but he thought its parent, Union Bank of Switzerland, might be.

He had asked P&D's lawyers, Allen & Overy, for wide-ranging advice about the no-loss indemnity offered with the holding. "It should be a golden rule in corporate finance to ask yourself and your advisers 'Is it legal?' and 'Is it ethical?'," Mr Gibbs said.

The solicitors told him the arrangement was legal, but only just. He passed this advice to Mr Bryce Cottrell, a former P&D chairman, along with a recommendation to take the shares.

Mr Gibbs is one of five professional advisers who, along with three institutions, deny the secret buying of shares amounted to a conspiracy to mislead the markets over the outcome of the £837m issue. The trial continues on Monday.

Heseltine warning to N Tyneside Council

By Chris Tighe

MR MICHAEL HESELTINE, environment secretary, yesterday warned he may block attempts by North Tyneside Council to obtain City Challenge and other government funds for urban regeneration.

Mr Heseltine, who earlier this week attacked the council for its management of the "bombed-out" Meadow Well estate, told Mr Brian Flood, leader of the Labour-controlled authority, that he had been impressed by the determination of the residents he met during a visit on Wednesday to the estate, scene of riots in September.

But he said that only after the council had demonstrated it could work effectively with the private sector and win the confidence of the local community would it have "any prospect of success".

The council has been considering applying for the next tranche of Challenge funding to upgrade the Meadow Well and other problem areas. The funds are to be allocated to selected councils next year for use from 1993-94. But in his letter to Mr Flood, Mr Heseltine says: "On the basis of what I saw and heard in Meadow Well there would be little current prospect of North Tyneside being successful."

Mr Heseltine also warned that the authority had no prospect of *new resources* next year under Estate Action and other programmes unless it worked in co-operation with residents and gave clear evidence of effective management.

Major to tell MPs of plans for summit

MR JOHN MAJOR will open the two-day Commons' debate on the future of the European Community on Wednesday, setting out the government's position ahead of next month's Maastricht summit. He will move the motion below.

Mr Neil Kinnock, Labour leader, will speak second, proposing an amendment expected to be draw up by the party this weekend. Tory backbenchers, such as former prime ministers Mrs Margaret Thatcher and Mr Edward Heath, will wait to be called by the Speaker.

On the second day Mr Douglas Hurd, foreign secretary, will open for the government.

The text of the motion is:

"That this House, believing it is in Britain's interests to continue to be at the heart of the European Community and able to shape its future and that of Europe as a whole, endorses the constructive negotiating approach adopted by the government in the intergovernmental conferences on economic and monetary union and on political union and urges them to work for an agreement at the forthcoming European Council at Maastricht which:

"Avoids the development of a federal Europe;

"Enables this country to exert the greatest influence on the economic evolution of the community while preserving the right of parliament to decide at a future date whether to adopt a single currency;

"On issues of community competence concentrates the development of action on those issues which cannot be handled more effectively at *national level* and, in particular, avoids intrusive community measures in social areas which are matters for national decision;

"Develops a European security policy compatible with Nato, and co-operation in foreign policy which safeguards this country's national interests;

"Increases the accountability of the [European] commission;

"Enhances the rule of law in the community including improved implementation, enforcement and compliance with community legislation;

"Improves co-operation between European governments in the fight against drugs, terrorism and cross-border crime;

"And through these policies secures the long-term interests of the United Kingdom."

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The dead cat bounce

THE AMERICANS call it "the dead cat bounce". This macabre phrase describes rather accurately what the US and UK economies seem to be doing at the moment. It is not a sight to make the hearts of incumbent politicians leap, especially ones with elections in their near futures.

Mr Bush seems in a better position to do something about this than Mr Major. Though nominally independent, Mr Alan Greenspan and his colleagues are rather more amenable to pressure from the president than are Mr Helmut Schlesinger and his colleagues to pressure from the British prime minister. That, after all, was the whole point of entry into the Exchange Rate Mechanism. How often, one wonders, does Mr Major wakes up from nightmares about the day he put sterling in the ERM?

What he cannot do is ignore the consequences. The Bank of England in its Quarterly Bulletin opines in its usual robust and straightforward manner that "reading the state of the economic cycle is particularly difficult at the present time. There is undeniably a considerable body of evidence that the worst of the recession is now past. The uncertainty concerns whether, in aggregate, positive growth has yet resumed". The Bank of England can say that again and, come the publication of the next quarterly bulletin, may have to.

Yet, with luck, it should not. Some recovery is likely, however feeble, but the statistics of last week do little to remove the doubts. Manufacturing output was unchanged between the last two quarters, but the unemployment data were more encouraging, with seasonally adjusted unemployment up a mere 16,000. These figures are consistent with some recovery. The fundamental question is how much. That depends, in large part, on what happens in the bellwether, Germany.

Official warning

This week a senior official at the economics ministry warned that the country is on the verge of recession. The government's economic advisers (the five "wise men") argued that, properly accounted, the fiscal deficit next year could be DM200bn, some 7 per cent of gross national product. The chances of high German interest rates and low German growth are too good for comfort. Yet the UK Treasury's forecast of 2¼ per cent growth between 1991 and 1992 depends, in part, on what seems in the circumstances a decidedly optimistic forecast of 6 per cent for real export growth.

The US economy does not offer any obvious escape. The American recession may have been shallower than that of the UK, with a decline of 1.2 per cent in GNP, as against 3.7 per cent; a recovery in American GNP may have been measured, as opposed to being merely hoped for; and the discount rate may be down to 4.5 per cent, as opposed to the UK's base rate of 10.5 per cent. But the economy still looks weak.

Even the Japanese have begun to worry about their economy, though the slowdown expected for Japan – growth this year and next of over 3 per cent – would be delightful for any other industrial country. The Bank of Japan, under considerable pressure – exacerbated, no doubt, by the rapid re-emergence of a substantial current account surplus – has reduced the official discount rate from 5.5 to 5 per cent. The era of disinflationary policy seems to be coming to an end.

Japanese demand

In Japan these interest rate cuts may stimulate domestic demand, even though it shares with the Anglo-Saxon countries an overhang of deadweight, often property-related, debt. This unhappy legacy of the 1980s now hangs more heavily on the world economy than in recent downturns because real interest rates are so strongly positive.

In few countries is the quagmire deeper than the UK. Real interest rates are exceptionally high for the current stage of the cycle. But sterling closed yesterday less than three pfennigs above its effective floor in the ERM. At the same time, the ratio of personal debt to income is more than twice as high as in 1980. If consumer spending were to rise by 2¼ per cent in real terms between 1991 and 1992, as the Treasury forecasts, the British spender would deserve a medal for valour (or rashness).

The pain can perhaps be justified by achievement of the stable, low inflation lauded by the Bank of England. But the UK is not there yet. Excluding mortgage interest rates, inflation is still 5.5 per cent and, more depressing still, underlying earnings inflation remains stuck at 7¾ per cent.

The slowness of the likely recovery makes further falls in inflation probable. But the UK has not yet achieved the best European levels. Should it do so, it would be back to the inflation of the 1950s, as the Bank of England points out. The Bank's aspiration was, one might recall, also part of a performance that led the electorate to reject the Conservatives for "13 wasted years". Mr Major might not regard that as a happy omen.

Practical politics have been Major's catchwords in office, says **Philip Stephens**

A manifesto, not a vision

Those searching for ideological certainties will do so in vain. During a year as prime minister Mr John Major has kept faith with a self-portrait sketched when he was the most junior member of the cabinet he now commands.

"I am not a moral philosopher," the then chief secretary to the Treasury said in June 1989. "Nor an economist. Nor an intellectual. I am a practical politician." It has been a year of practical politics.

In November 1990 Mr Major declared from the steps of 10 Downing Street that he wanted to see a country "at ease with itself". It was a natural, if slightly lofty, ambition for a politician whose journey from Coldharbour Lane, Brixton, had left him remarkably untainted by the arrogance of high office.

But the first task for the new prime minister was to still the agitation in a Conservative party which had just deserted Mrs Margaret Thatcher. Next, he had to seek the forgiveness of the voters for the ravages of Thatcherism's final days.

Neither can be called complete.

In the House of Commons next week Mr Major faces the threat of a confrontation with his predecessor over the issue which triggered her downfall. The European summit which follows in Maastricht next month could yet provoke her into open rebellion.

For its part the electorate has not made up its mind. The opinion polls are unanimous in their verdict that Mr Major is popular. "Honest", "decent", "down-to-earth" are the most frequently-heard adjectives in supermarkets and saloon bars.

The voters have not yet decided whether that provides good enough cause to forgive the Conservatives the pain of economic recession and the poll tax, or to trust them with the health service.

Mr Major's government is two or three percentage points behind in the opinion polls, a dramatic improvement on the 15-point gap he inherited. But he underestimated the depth and duration of the recession. He has presided over a massive rise in unemployment. He has lost four seats in by-elections. Twice he has had to rein back his impatience to seek a mandate in a general election.

Nobody could claim that he has had time to sit on his hands. The Gulf war, bridge-building in Europe, replacing the poll tax, chairmanship of the G7 group of leading industrial nations, a rapprochement – albeit uneasy – with Peking, the Citizen's Charter, and frequent shuttling to Washington and Moscow all rush into the kaleidoscope of images.

Then he has had to sketch out his own brand of Conservatism, balancing the sensitivities of those still devoted to his predecessor and the need to respond to the mood in the country for change. He has faced a Labour opposition whose policies and political punch make it the most threatening since 1979.

It has not always gone smoothly. Sometimes the youngest prime minister for a century has shown his inexperience, looked unsure of his authority, appeared too reluctant to confront his enemies. He had shown that he takes time to make up his mind and is ill-at-ease until he has done so.

At first there was injured indignation in Downing Street when the media talked of dithering and delay. Mr Major had to be told to spend less time reading the newspapers.

The essence of Mr Major's politics has been obscured by the distorting prism of a decade of Thatcherism

In Whitehall, officials accustomed to the iron grip of his predecessor have found it hard to adjust to consensual rather than confrontational government. The formidable political skills that took Mr Major to Downing Street seem sometimes to have deserted him in his battles with Labour over the health service.

In his own party, the irreconcilable fogeys on the right accuse him of government by gimmick as they lament the passing of decision-making by diktat.

But colleagues are unanimous in their enthusiasm for his collegiate style. There are open debates, the rancour has disappeared from the inevitable clashes of interest between ministers. If he has sometimes looked more a backroom fixer than a prime minister his careful judgment has soothed Conservatives wounds. Mr Michael Heseltine has become a team player.

There has been much agonising by commentators over the prime minister's philosophical blueprint. Is he a thinly-disguised Thatcherite, or a One-Nation Tory in the tradition of his self-proclaimed hero, the late Mr Iain Macleod? What is Majorism?

The task has been made no easier by his slightly diffident, sometimes awkward style. In private he is not the grey two-dimensional figure of the cartoonists. But he does lack the easy rhetorical eloquence of Mr Chris Patten, the aura of calm command around Mr Douglas Hurd.

In reality the essence of Mr Major's politics has been obscured by the distorting prism of a decade of Thatcherism. There is no grand design, no over-arching vision. Nor has the prime minister set out to create one.

His starting point has been that politics does not have to be about radical blueprints; that prime ministers can be responsive as well as revolutionary. He has sought instead to match a set of basic values to the business of government. He believes he has an instinctive grasp of the mood of the country. He prefers that to theological certainties.

Some of the milestones upon which he looks back with pride are the obvious ones: the establishment of a strong personal relationship with Germany's Chancellor Helmut Kohl as a starting point for Britain's rehabilitation in Europe; the Citizen's Charter, a platform for his promised revolution in the quality of public services; his success, against most advice, in pushing through a "safe haven" plan for Kurdish refugees; the political management which allowed him to sink the poll tax without splitting his party.

Other decisions show how deeply his politics are rooted in his own experiences. If Mr Major shares Mr Macleod's free-market convictions, his upbringing persuaded him also not to dispense with compassion.

Friends were puzzled last year when as chancellor he doubled allowances for the blind: but in later life Mr Major's father suffered from failing sight.

Decisions as prime minister to restore the uprating of child benefit, to compensate haemophiliacs infected by the Aids virus, to improve cold weather payments for the elderly, to write off debt owed by the world's poorest nations owe just as much to his origins.

So too do the emphasis he has placed on improving state education and his conviction that saving provides the best route to security for those on low as well as high incomes. He does not believe in equality but he is convinced that everyone should have an equal chance to become unequal.

Mr Major has not sought a decisive break with Thatcherism. His unforced charm is matched by considerable ruthlessness. Self-reliance, choice and competition are his virtues as well as hers. He has shown himself more passionate than Mrs Thatcher about inflation, more convinced than her that, in most cases, market disciplines produce better services. His approach to the disadvantaged is to offer a "hand-up" not a "hand-out". And yet an insistence that tax cuts are central to his platform has been combined with a relaxation of public spending that makes that prospect ever more distant.

It does not add up to a vision; rather to a manifesto promising to blend competent with decent government. The voters will tell him next spring whether it is enough.

Major's year

"I want to see us build a country that is at ease with itself, a country that is confident, and a country that is prepared and willing to build a better quality of life for all its citizens" – *on the steps of Downing Street, November 28 1990*

"My aims for Britain in the Community can be simply stated. I want us to be where we belong. At the very heart of Europe" – *speech in Bonn, March 1991*

"Our Conservatism is about developing personal independence. It is designed to give people a hand-up not a hand-out" – *speech to Conservative women, June 1991*

"It will be a milestone for us. I suspect it will be a headstone for the Labour party" – *in the House of Commons after the launch of the Citizen's Charter, July 1991*

"Over the months we have worked for peace. And hoped for peace. But we are prepared for war. The choice is Saddam Hussein's" – *Interview, January 1991*

"The right side has won. It is very good news indeed" – *in Downing Street after the failure of the Soviet coup, August 1991*

Joe Rogaly puts Thatcherism in its historical context

Decade of difference

Britain's recent history divides neatly into decades. The Conservative governments of the 1950s combined a bonfire of controls – economic liberalism – with honest acceptance of the welfare state. The rot began to set in during the 1960s, with the development of the British version of the corporate state, introducing tripartite decision-brokering to the management of the economy and industry. The government was to work in partnership with employers and unions.

The penalty was paid during the 1970s. Trade union power over the elected government of the day grew to such monstrous proportions that an explosion was inevitable. In fact there were several, including the miners' strike of 1973-74, the two elections of that year, and the growing instability of the later 1970s. This culminated in widespread stoppages by public-sector workers in the winter of 1978-79.

When the dust cleared, two important after-effects could be discerned. The Labour party was split in two, the rump forming the Social Democratic party (RIP). The Conservative party turned out to have been captured by its hard-right wing, under the leadership of Mrs Margaret Thatcher.

Thus did history entrust the 1980s to what became known as Thatcherism. Only the firm hand of Mrs Margaret Thatcher could restore order to the British polity. The "winter of discontent" demonstrated that Labour was powerless to control the unions. The Tories won the 1979 election because Labour was already beginning to disintegrate. The antipathy between a then increasingly left-wing Labour party and the centre-left alliance of Social Democrats and Liberals gave Mrs Thatcher the 1983 and 1987 elections on a plate. The Conservative share of votes cast was 43.9 per cent in 1979, 42.4 per cent in 1983, and 42.3 per cent in 1987; the Tory majorities were 43, 144, and 102 respectively.

It is against this background that the historic significance of Mrs Thatcher's period of office can best be understood. Although the government continued to finance the welfare state, it halted new construction of public housing for rent and never disguised its distaste for publicly-provided health, education and welfare services. The prime minister's acolytes, many purveyors of the purist free-market policies developed during Mr Ronald Reagan's presidency, over-extended their aim after 1987. The poll tax, which was designed to discipline the poor for voting in favour of higher local expenditure, was the extreme manifestation of this point of view.

I have, of course, vastly over-simplified what is a complex history, and left out significant economic events like the 1973 oil price shock. Yet the central point remains true. No factor was more powerful in persuading the Conservative party that it should ditch its then leader than the unpopularity of the poll tax. Mrs Thatcher's departure, and the tax's demise, rounded off her decade.

The 1990s already look different. Spending on the public sector is back in favour. The last poll tax will be due next April. Such new ideas as the government has are not heavily burdened with Reaganite ideology. Under Mr John Major's Tories we could be heading back to the 1950s – which would involve a light dose of economic liberalism, plus the welfare state.

One difference is that under the influence of the European Community, with its penchant for German corporatism (a more successful entity than the British version), the Tories may become Britain's Christian Democrats. The big question is, will we get Mr Neil Kinnock's Labour party, and a return to the fatal errors of our own corporate 1960s? If so, sooner or later another Margaret Thatcher may have to be invented.

The past year has been spent looking for signs of an upturn, says **Peter Norman**

Steps into the unknown

Mr John Major has notched up a bleak economic record in his first year as prime minister.

His first six months in Number 10 Downing Street witnessed the second-worst recession since the second world war. The past half year has been spent scanning the horizon for elusive signs of an upturn.

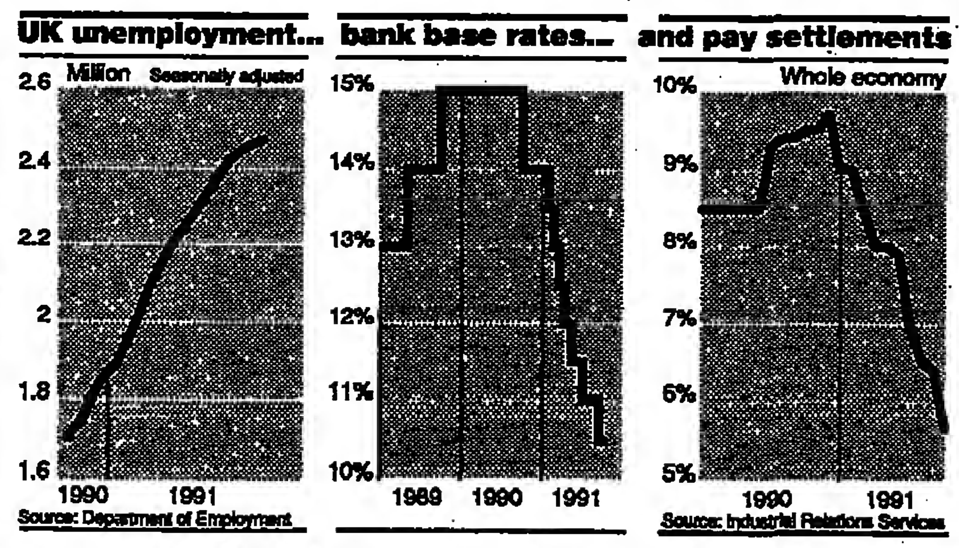
Under Mr Major, UK unemployment has risen by 700,000, business failures have been running at 930 a week and housing repossessions have reached unprecedented levels. The good news – highlighted by yesterday's announcement that the annual rate of retail price inflation had fallen to 3.7 per cent in October – needs to be qualified. Although this is the lowest year-on-year rate since March 1988, Britain still has some way to go before it can boast an inflation record equal to the best of its competitors in Europe.

But the Major government's stewardship of the economy will be judged on criteria far different from the poor performance indicators of his first year in office.

After the apparent certainties of the Thatcher years, he has taken several steps into the unknown. There have been big shifts in policies and attitudes, including a greater emphasis on public spending and an increased awareness that Britain's economic competitiveness has been hobbled by weaknesses such as deficient infrastructure and poor education and training.

Most important has been the progressive Europeanisation of the government's economic policy. Mr Major's decision when chancellor to take sterling into the exchange rate mechanism of the European Monetary System has fundamentally changed the economic rules by which government, businesses and individuals conduct their lives. This process will continue if, as seems likely, the government signs the proposed treaty on European economic and monetary union (Emu) in Maastricht in three weeks.

Together these changes represent a decisive break with Thatcherism even though their origins lie in the Thatcher years. As chief secretary to the Treasury in the late 1980s and later as chancellor, Mr Major first made a point of channelling resources to improving selected public sector services. Second, when chancellor, he became increasingly convinced that Britain should join the ERM, finally persuading Mrs Thatcher just eight weeks before the palace coup against her.



The ERM decision appears to have been a considerable success – so far. Fears that British industry would be unable to compete internationally with a sterling central rate of DM2.95 have been unfounded. Instead, the firm pound has helped push down inflation from an annual rate of nearly 11 per cent when Mr Major took over.

Mr Major's decision to take sterling into the ERM has changed the economic rules by which government, businesses and individuals conduct their lives

Wage bargainers have responded to a combination of recession and ERM discipline. Pay settlements have fallen sharply. The accompanying chart shows how the median settlement increase recorded for the whole economy by Industrial Relations Services, a private-sector research group, fell to 6.5 per cent in the third quarter from almost 10 per cent when Mr Major became prime minister. The fall in settlements in manufacturing industry has been greater, as this week's agreement between Ford UK and union leaders to offer a 5 per cent increase to manual workers testifies.

Without the credibility conferred by ERM membership, it is also doubtful whether the government could have lowered bank base rates by 4.5 percentage points from the 15 per cent that obtained in the 12 months before ERM entry. The short-term interest rate differential between the UK and Germany has shrunk to about one percentage point from about seven points at the time of ERM entry.

But the extended ERM honeymoon may now be drawing to a close. Britain's buoyant export trade has owed a great deal to the strength of the German economy since reunification. The signs now are that Germany is slowing significantly. More serious, the ERM has meant that the Bundesbank effectively sets the floor for UK interest rates. There is a widespread fear, shared by the Bank of England, that the next move in German interest rates could be upwards. This limits the government's scope to cut its rates further and could possibly force up UK rates.

The shift to higher public spending may also turn out to be a mixed blessing. In his recent Autumn Statement, Mr Norman Lamont, the chancellor, added £11.1bn to existing government programmes for 1992-93 and plotted sharp increases in public spending for the subsequent financial years to 1994-95. Part of the spending rise was caused by the recession. Part reflected a conscious government decision to channel more resources into the health service, public transport and education.

Mrs Thatcher's governments were also wont to increase public spending ahead of elections. But the latest plans involve a prolonged break with the previous policy of bringing down government expenditure as a share of gross domestic product and have given rise to fears that the government is "losing control" over public spending.

Although increased spending on education and transport may help rectify deficiencies in Britain's infrastructure and training policies, other objectives have been thrown into doubt. Economists question whether the government will be able to meet its long-term goal of cutting the basic income tax rate to 20 per cent from 25 per cent as well as achieve a balanced budget over the course of the current business cycle.

As Britain has a relatively low personal savings rate, there is also concern that the high budget deficits implicit in the government's plans could help prompt a deterioration in the nation's balance of payments.

These are issues that Mr Major's government will have to face if it wins the next election. Until then it must hope that the present signs of economic recovery prove strong enough to secure the voters' support.

But if Mr Major signs the treaty on Emu at Maastricht, a final judgment on his conduct of economic policy may well have to wait for several years. No matter what get-out clauses are negotiated for Britain, the prime minister will have initiated the biggest changes to the nation's politics and economic management in modern times.

George Graham on the portable politics of Louisiana's David Duke

The greater of two evils

Even by the colourful standards of Louisiana politics, the campaign for today's election for governor has been unusual.

The election pits Mr Edwin Edwards, a high-living, self-confessed womaniser from the French-speaking Cajun country of south-western Louisiana who is seeking his fourth term as governor, against Mr David Duke, a 41-year-old former Ku Klux Klan leader who says that he has traded in his Nazi and white supremacist views to become a Republican.

For years, Democrat Mr Edwards stood for everything Louisiana's Republicans hated: high taxes, high spending and a whiff of corruption. Now, many are reluctantly rallying behind him as the lesser evil.

While Louisiana Republicans wrestle with their consciences, President George Bush and Republican National Committee chairman Mr Clayton Yeutter have watched in frustration as the Duke candidacy turns into a phenomenon that many of their supporters believe could do great damage in next year's national elections.

Politicians in Washington are now realising that they may too glibly have dismissed Mr Duke's rise as a combination of Old South racism and typical Louisiana political eccentricity. President Bush has gradually hardened his own opposition to Mr Duke, finally labelling him an "insincere charlatan", and calling on electors to vote against him.

Louisiana has always seemed exotic to outsiders, a spicy blend of Cajun obstinacy and Creole carnival. The state cultivates its distinctive differences – such as its use of the Napoleonic code, where other states use common law – and its tolerance for politicians' peccadilloes.

It also cultivates a two-round voting system which is unusual for the US. There are no separate party primaries, as in other states, but all candidates take part in an "open" primary with the two highest-placed going through into a run-off. The system weakens party discipline in the state, and has made it possible for candidates like Mr Edwards and Mr Duke to emerge in defiance of the Democrat and Republican establishments.

"It has been the perfect institutional arrangement for the kind of insurgency, subterfuge candidacy of a David Duke," says Professor Lawrence Powell of Tulane University in New Orleans.

The arrangement has also enabled Mr Edwards to make his comeback. In many ways, he has been a worthy successor to the charismatic former governor and senator Mr Huey Long, a high-stakes gambler who dominated Louisiana politics in the 1930s, buying electoral popularity by building roads, bridges and parks.

Just as Governor Long faced down attempts to impeach him, Mr Edwards has twice been acquitted of federal fraud charges, and once boasted that the only thing that could keep him from being elected was being found in bed with a dead girl or a live boy.

But Mr Edwards is now portraying himself as an older and wiser man who wants one last chance to redeem his reputation by showing what a good governor he can be.

Mr Duke, too, says he has changed after a frustrated and intolerant youth – though it continued until very recently. Active between 1968 and 1974 in a variety of American Nazi organisations, such as the National Socialist White People's Party and the White Youth Alliance, Mr Duke then switched his attention to the Knights of the Ku Klux Klan.

In 1980, he resigned from the Klan, saying its image was beyond reform, and founded the National Association for the Advancement of White People. The newsletter of his organisation contained a variety of extremist anti-Semitic and white supremacist views, advocating racial purity, genetic engineering and the creation of separate homelands in America for Jews, blacks, Indians and Hispanics.

In 1989, Mr Duke became a Republican – although he is repudiated by both state and national Republican parties.

In his campaign themes, he taps much of the same hard-times resentment as Governor Long in the Depression. He is against affirmative action on behalf of minorities; against a welfare system that he says encourages mothers to have more children just to increase their benefits; and against taxes and crime. These slogans have struck a chord in Louisiana, still suffering from the 1980s fall in oil prices which devastated its energy industry.

Duke on the stump: exposés have not dented his popularity

"Maybe we aren't all racists, maybe there's something else afoot. I really think what we have established today is a form of reverse racism. People are getting jobs by quotas," says Mr Eugene Thornton, a retired air traffic controller living in Metairie, a suburb of New Orleans that houses Mr Duke's headquarters.

"I'm a Duke supporter because he wants equality for everybody. They don't want equality, they want more. Duke, he's about equality for everybody," says Mr Ives Clement, a car mechanic from Harvey, just across the Mississippi from New Orleans.

"We're not against anybody if people need help, but a person that doesn't want to help himself, that's what we're upset about – people that have children just for a welfare cheque," says Mr Mark Higdon, who sells marine coatings in Lafayette.

These messages are often described as codewords for racism, but Mr Duke makes little effort to encode them. He makes it clear that the welfare mothers he cites are black, that the criminals he wants to clamp down on are black.

Racism draws on deep roots in this area. Northern Louisiana was a stronghold of the Ku Klux Klan in the days when it was still burning and lynching. With Mr Duke, however, it has been repackaged into a business-suited, made-for-television version.

The repackaging has succeeded so far, for Mr Duke won 491,000 votes in the first round of voting last month to defeat the official Republican candidate – incumbent Governor Buddy Roemer – and go through to today's run-off.

Repeated exposés by the Louisiana press of the persistence of Mr Duke's Nazi sympathies, the falsity of many of his political claims and the shadiness of his personal finances have done nothing to dent his popularity.

Indeed, such attacks may help him, especially when they come from Washington. "They are just greasy politicians calling the pot black," says Mr Thornton in Metairie. "In effect what they are calling us is stupid rednecks, and we don't want their advice."

Potentially more damaging to Mr Duke was the defection this week of one of his campaign organisers, who decided after close inspection that Mr Duke is lying when he claims to be a born-again Christian.

While this may be a serious charge in Bible-belt Louisiana, it may not be Mr Duke's weakest point. The negative message that has most impact on his voters is economic: if he becomes governor the state could suffer a form of boycott. Louisiana businessmen have weighed into the battle with vigorous warnings that Mr Duke will cost the state jobs by driving away tourists, conventions, banks and industries.

"There would be a significant effect on our tourism business, our sports business," says Mr John Laborde, chairman of the Business Council of New Orleans and the River Region.

Mr Duke's success so far has embarrassed mainstream Republicans, because many of his themes are just inches away from the anti-government, anti-welfare, anti-quotas ideology that was part of President Reagan's legacy. They are closer still to the platform of Mr Kirk Fordice, a conservative businessman elected last week, with the support of the Republican party, as governor of next-door Mississippi.

When challenged to name one Duke policy that the Republicans do not also espouse, Mr Yeutter, the party chairman, lamely came up with his protectionist stance against a free-trade pact with Canada and Mexico.

What worries Republican strategists is the damage that Mr Duke's combination of conservatism with populism could do to Mr Bush in next year's election. The president is a wealthy moderate who receives little loyalty either among hardline conservatives or among the 20 to 30 per cent of working-class Democrats who vote Republican for president.

Gleeful Democratic strategists believe that, win or lose, Mr Duke will contest the next presidential election. They picture two scenarios:

- If Mr Duke runs as a third-party candidate in the general election, he could draw 5 to 8 per cent of the votes, almost all from the Reagan and Bush electorate of 1980-88 – so destroying Mr Bush's 1988 majority of 53.4 per cent.
- If he runs in the Republican primary against President Bush in some southern states, he could still force the president to harden his position on issues such as crime and quotas to avoid being outflanked on the right. This would leave more room in the middle of the road for the Democrats to fill.

In Louisiana, many of Mr Duke's most consistent adversaries fear the Democrats may be playing with fire if they try to treat him as just another Mississippi maverick who can be exploited in a mudfight with the Republicans.

As Dr Powell puts it: "This guy's politics are portable – and everybody is missing this because they think it's just more high jinks on the bayou."

High street hiatus

Christmas will bring temporary relief to UK retailers but the new year will hold little cheer, writes John Thornhill

A stupendous act of charity is taking place on Britain's high streets. Thousands of shops have been selling billions of pounds of goods and have kept almost no money for themselves.

This is no selfless act of generosity in the run-up to the Christmas season, however; it is an involuntary act of expediency.

In recent months, the dearth of consumer spending has encouraged retailers to engage in bouts of price-cutting, as the profusion of red mid-season "sale" notices in shop windows testifies. Yet an unholy trinity of wage, rent and rates rises has continued to gobble up their slim profit margins.

Verdict Research, a retailing consultancy which conducted a survey of clothes prices in October, discovered that one-fifth of all clothes on sale through the multiple chains were marked down for a quick sale.

Mr Richard Hyman, the report's author, says: "Clothing is one of the most depressed areas of the high street, and with the level of price-cutting going on I just cannot imagine how many clothing retailers can be making a profit."

The reality is that not many of them are. The recent crop of dismal results presentations from some of the UK's biggest retailers illustrates the point.

This week, Burton Group, the UK's second biggest clothing retailer, reported that annual pre-tax profits from its string of 1,700 high street outlets and Debenhams department stores had collapsed from £146.1m to £11.2m. After reorganisation costs, the company registered a £13.4m loss.

Last month, Sears, the retailing conglomerate, announced that its 3,420 shops had made just £5m in interim trading profits.

Some smaller clothing companies have also been feeling the pinch. Austin Reed, the upmarket clothing chain, registered interim pre-tax profits of £639,000 on sales approaching £40m while Moss Bros, the menswear outfitter, made almost no half-year trading profits on £23.3m of sales.

Yet Mr Rowland Gee, managing director of Moss Bros, counts himself lucky. He estimates that 2,000 menswear outlets have gone out of business in the past 20 months. He points to the situation in Preston where three out of the four specialist menswear shops have closed leaving Moss Bros as the only chain on the high street.

Against this dire trading background, retailers are trying to put on a brave face and are gearing themselves up for the critical Christmas trading period, when they make most of their profits.

Ratners Group, the jewellery retailer which accounts for about one third of the UK jewellery market, is perhaps an extreme example but it records 90 per cent of its profits in the six weeks before Christmas. The company's share price has been hard hit this week as analysts have downgraded their profits forecasts in anticipation of a weak trading season.

However, not all is gloom. Several retailers say they have noticed the first glimmers of recovery in sales over recent weeks although the signs have been faint and inconsistent.

Britain's biggest clothing retailer, Marks and Spencer, which has been one of the most resilient retailers in this recession largely thanks to its huge freehold property base, reported that sales began to pick up in October as the cold weather tempted shoppers to stock up on warm clothes. But trade went soft again at the end of the month as the weather turned.

Mr Richard Greenbury, chairman of M and S, says: "None of us can count on a return in consumer confidence until we see the results of the Christmas trading period. That will be the acid test."

Most other shopkeepers agree: they are certainly not anticipating an improvement in trading conditions in the coming weeks. Retailers suggest that shoppers will be extremely cautious about how they spend their money and will look for cheap, value-for-money items.

Moss Bros reports that the average selling price of its suits has fallen by 10 per cent this year. "Consumer confidence has been rattled. Shoppers may have more disposable income but they are being very canny about how they spend it. The British are now in savings mode," Mr Gee says.

In such conditions, it is scarcely surprising that retailers are experimenting with new ways of exploiting their expensive high street sites. Just about the only retailers to have benefited from the recession have been the discount chains. To emulate them, some of the big multiple retailing companies have been busy developing their own discount formats.

Burton Group has opened a chain of 28 Incredible Savings (IS) discount clothing stores, which have met with an "encouraging" response. "We want to see whether this is a viable retail formula or just a child of the recession," says Mr Laurence Cooklin, Burton's chief executive.

One example of things to come may be the opening this month of Loft, an 8,000 sq ft superstore in York offering second-hand goods for sale from a crudely-furnished warehouse.

Mr Crispin Tweddell, Loft's chairman, says: "Hard times have accelerated the British addiction to bargains, and retailers are going to have to think far harder than they have ever done before about how to create value for their customers."

The road to recovery for many retailers is therefore likely to be long and demanding. Britain's membership of the exchange rate mechanism of the European Monetary System makes it unlikely that the unprecedented growth in consumer demand of the late 1980s will recur. Yet costs are continuing to rise – in part because most rents are assessed on a five-year rolling cycle and thus still reflect the heavy demand for retail space in the late 1980s.

Christmas may bring temporary relief to hard-pressed retailers, but few are expecting it to be followed by much of a happy new year.

LETTERS

Let regions rule

From Mr John Tomaney.

Sir, Your call for a referendum on home rule for Scotland is to be welcomed ("A referendum for Scotland", November 13) but your dismissal of the idea of regional government in England must be challenged.

In the north-east of England the necessity for regional government is increasingly part of political discourse. There are good reasons for this. The Tories face electoral annihilation here at the next election – a recent Gallup 9000 poll gave Labour a 13-point lead over the Conservatives in the north-east – raising the question of the legitimacy of their policies in this region.

The deep antipathy of north-east people to southern Tory values should not be underestimated and explains the failure of the Thatcherite revolution to take hold within the region. For instance, the government has yet to persuade parents to vote for a single school in the region to opt out of local authority control. Increasingly Tory policies are imposed on the region through quangos which are unelected by, and unaccountable to, the people of the north-east.

The north-east does have (to use your words) "a clear identity delineated by both culture and history". The values of the region, which are collectivist and solidaristic, are increasingly at variance with the Thatcherite ones which continue to dominate the south.

John Tomaney,
Centre for Urban and Regional Studies,
University of Newcastle upon Tyne

Employers pose the biggest obstacle to better supervisors in manufacturing

From Mr Ian Gibson.

Sir, Mr Baer ("Recognition of supervisor's role overdue", November 12) is quite correct to focus attention on what has long been a strategic weakness of UK manufacturing.

The new NEDC report to which he draws attention ("What makes a Supervisor World Class") points out that compared to international best practice (notably the German Meister system), UK manufacturing supervisors lack technical, managerial and training competences. Moreover, there is no requirement before or after appointment that supervisors in this country attain a given level of competence.

In Germany, by contrast, it is now normal for those appointed to supervisory positions to have Meister qualifications. This boosts the demand for qualifications enormously. At present, about 52,000 Meisters qualify every year, compared to the 15,500 registrants for supervisory certificates in the UK.

The real obstacle to better supervision in the UK lies with the poor understanding from employers of the benefits of better supervision. Mr Baer states that the report places insufficient weight on such benefits. In fact we stressed in the report and at our launch briefing that the supervisor is the key in empowering the workforce through training and motivation and it is his interface with the bulk of a business resource – its people – that produces improvements in efficiency and quality.

Our focus at Nissan on the role and importance of the supervisor has enabled us to equal Japanese levels of productivity and quality only five years after the start of production with a new workforce.

There are perhaps 250,000 supervisors in UK manufacturing and perhaps 1.5m in the wider economy as a whole. Collectively they could transform both productivity and the abilities of the workforce. The next stage of our committee's work will be to convince employers in engineering of the need to do just this.

Ian Gibson,
Nissan Motor Manufacturing (UK),
Washington Road,
Sunderland.

To no purpose

From Mr George Thomas.

Sir, Sir Geoffrey Howe suggests that we cannot be influential in the European Community unless we "convince our partners that we are working with them, with a common purpose" ("Time to muster a sense of history", November 13). That might or might not be so but the debate at the moment is whether we do share a "common purpose".

If "common purpose" refers to the ultimate objective of a United States of Europe which is the open ambition of most of "our partners" it behoves Sir Geoffrey to state clearly whether or not he believes we should share that "common purpose". His article is so hedged around with ifs and buts that, like the government, it can convince neither "our partners" nor the electorate.

George Thomas,
17 Campden Hill Square, W8

Law needs to be changed to outlaw non-payment of bills

From Mr Rhodri Morgan MP.

Sir, There has been much comment in your letters columns recently on the need to introduce legislation to penalise late payment of bills.

I entirely agree with the view that it would be difficult to underestimate the cash flow pressures on small companies hit by late payments.

How much more true is this of non-payment.

No one has yet, I think, in the exchange of letters on this subject, mentioned the problem that arises when a company has not been paid, goes to the County Court to obtain redress, is awarded judgment. The bailiffs are sent in with the full authority of the County Court. They then find that the company which owes them the money and which entered an unsuccessful or no defence in the County Court has so arranged its affairs that it has no assets for the bailiff to seize.

It might be a simple trading subsidiary of a head office somewhere else. Or it can have a multiplicity of different legal entities. If you have got a County Court judgment against Company A, the proprietor of Companies A and B say that all the assets are in the name of Company B.

If, however, you have got the judgment against Company B in the group, the proprietor will then claim to the bailiffs that all the assets are in the name of Company A.

There does not appear to be at the moment any way of covering this possibility. The only redress is of course the traditional one of putting the company which refuses to pay into liquidation, but a company already in a cash flow problem sometimes cannot find the extra £350 for doing so, especially as there is no guarantee of payment being available after that.

Do other readers have experience of this problem, and what are the present remedies?

Are they adequate to deal with this practice, if not, what are the improvements in the law that we should have to ensure that spiv-type behaviour of this kind is effectively outlawed?

Rhodri Morgan,
House of Commons,
Westminster, SW1

Anti-dumping measures vital to Europe's high-technology base

From Mr Bernard Fournier.

Sir, The anti-dumping stance adopted by the European Commission and the anti-dumping measures applied against imported copiers in 1987 were severely, and in my view quite wrongly, criticised by Professor Patrick A Messerlin and Mr Yoshiyuki Noguchi in your Personal View column on October 24 ("EC industrial policy: worse than before").

First, let me say we are unequivocally in favour of competition provided it is fair competition. Dumping, by definition, and by international agreement, is unfair competition and contrary to internationally agreed rules. It seeks not to benefit the consumer, but to injure, and if possible destroy, local producers.

After long and detailed investigation the Commission, correctly in my view, concluded that certain Japanese companies were dumping on a massive scale in the European market and introduced appropriate remedies in the form of anti-dumping duties.

By 1985, when the industry's complaint was filed, low-priced imports from Japan had resulted in European producers losing market share and experiencing reduced profitability, employment levels and capacity utilisation. Between 1983 and 1985, no fewer than 10 European producers gave up the manufacture of copiers.

Far from damaging the economies of EC member states, as the authors allege, the anti-dumping duties have contributed to the survival of a viable European copier industry.

Rank Xerox introduced and pioneered xerography in Europe. Today more than 25,000 people are directly employed by Rank Xerox in Europe. There are 800 people, primarily engineers, in its systems centre in the UK. Copiers are designed, developed, manufactured and even recycled in Europe.

Rank Xerox plants were thoroughly investigated by the Commission and the local content of products determined. Since the initiation of the investigation, Japanese companies have set up, or accelerated, local assembly operations. The main motivation was clearly to circumvent the duties, not to bring high technology or high added-value processes to Europe.

Despite the contention of Mr Messerlin and Mr Noguchi, duties are "in the Community interest" even if prices were (though not generally in the case of copiers) to increase as a result. Foreign competitors who destroy European producers by dumping do so to leave the market free for those who remain. The low prices enjoyed by consumers would not continue indefinitely. Moreover, the Community has to decide whether short-term low prices are more important than the continued viability of a high-technology base of European producers who are adding significant value.

Bernard Fournier,
Rank Xerox,
Globe Park,
Parkway, Marlow,
Buckinghamshire.

Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Outspoken critic of generators to join PowerGen

By Deborah Hargreaves

MR MIKE Gibbons, energy policy and purchasing manager at Imperial Chemical Industries and one of the fiercest critics of the UK's electricity generators, will join PowerGen, the privatised electricity generator, at the end of the year.

Mr Gibbons joins the generator as director of fuel supply in the middle of a bitter campaign by major energy users over high electricity prices. He has been an outspoken critic of high prices and demanded that the wholesale market – the pool – should be totally overhauled.

ICI is among several groups of large industrial users which have complained to Mr John Wakeham, energy secretary, as well as the Office of Fair Trading and Professor Stephen Littlechild, the electricity regulator, over the operation of the pool.

Mr Gibbons has criticised the duopoly in place which allows the two generators effectively to control electricity prices and restrict sales on contract which are made outside of those prices.

"There are only two generators and they dominate the pool. If you dominate why should you sell on a contract basis?" he asked recently.

The 43-year-old Mr Gibbons has been at ICI for 21 years and for the last six has been in charge of energy purchasing. During this time, he has developed a strong knowledge of combined heat and power (CHP) – whereby companies use waste heat from industrial processes to generate electricity.

Many industrial plants are turning to CHP and the generators are beginning to realise that these plants could prove strong competition in the future. Mr Gibbons could lead a drive to purchase surplus electricity from these CHP operations.

In its latest criticism of the electricity pool, the Major Energy Users Council has written to the House of Commons energy select committee offering constructive plans for changing the market.

TR Property bids £17.5m for New England Props

By Philip Coggan, Personal Finance Editor

TR PROPERTY Investment Trust yesterday launched a hostile £17.5m bid for USM-quoted New England Properties, which immediately advised shareholders to reject the offer, saying that it undervalued the company.

The trust is offering five of its shares and 100.5p in cash for every 14 New England shares. At last night's TR Property price of 29p, that values each New England share at 17.5p. In a mix-and-match offer, shareholders can elect for extra shares or extra cash at 17p per share. New England shares closed up 3p at 17p last night.

The two companies had been part of a partnership which planned to redevelop County Hall, the old headquarters of the Greater London Council. The consortium collapsed in October 1990.

The failure of the County Hall deal caused a net loss of £1.6m to New England and prompted a re-organisation at the company. Mr David Jackson and Mr John Hackman, the joint managing directors, became part-time consultants, and had their previous contract severed in return for compensation of £902,000. The total cost (of re-organisation and write-off) was an extraordinary item of £2.7m in the group's accounts; no dividend was paid that year.

Net assets of New England are shown in the balance sheet of December 31 1990 as £22.5m, or 22.5p per share.

New England's revised strategy includes a move into the retail warehouse sector; TR Property said yesterday that this plan was "imprudent".

In September Hunting, a director of which, Mr Roy Treacher, is non-executive chairman of New England, sold its 20 per cent stake to TR Property. The investment trust accordingly has a holding of 29.8 per cent in New England.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	2½	2	Bettie Mining Wrrnts	2½		-	-	-	-
†	F.P.	-	110	83	Capital Ventures 1p	83		-	-	-	-
4	F.P.	-	9½	3	Culver 1p	4½		-	-	-	-
100	F.P.	-	102	97	Drayton Recovery Trust	98		M7.8	-	10.6	-
25	F.P.	-	26	26	‡Dumas Group 10p	26		-	-	-	64.2
-	F.P.	-	23	18	Eng. & Scott. Wrrnts.	20		-	-	-	-
-	F.P.	-	320	213	Eurotunnel '91 Wrnts	223	-2	-	-	-	-
100	F.P.	-	507	479	Fidelity Euro Values Units	480		-	-	-	-
§235	F.P.	-	293	256	Frost Group	290		R2.0	0.9	1.0	12.0
195	F.P.	-	216	210	JIB Group 10p	216		R7.5	1.8	4.6	16.0
587	F.P.	-	570	563	°Latin Am Extra Yld	570		-	-	-	-
§§28	F.P.	-	22	18½	M & G Income Cap. 1p	18½		-	-	-	-
-	F.P.	-	66	61	Do Geared Units	63		M4.91	-	10.4	-
§§44	F.P.	-	45	44	Do. Income 1p	45	+½	M4.91	-	14.5	-
100	F.P.	-	102	97	Do Package Units	98½	+½	M4.91	-	6.6	-
■500	F.P.	-	505	500	Morgan Grenfell Eq. Unit	505		-	-	-	-
50	F.P.	-	54	44	‡Simmons of Cornhill 5p	44		-	-	-	13.6
-	F.P.	-	3	1½	Wills Group Wrrnts	2½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	100¼p	100¼p	Barings 9¼pc Non-Cum. Prf. £1	100¼p	
10p	F.P.	-	10p	8p	Bettie Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	100	98½	Camborne Inds. 10½pc Rd. Deb. 2001	98½	
100p	F.P.	-	102p	100p	Drayton Recovery Tst. Prfd Growth £1	100¼p	
100p	F.P.	-	103p	101p	Fidelity Euro Values Equity Ln 2001	103p	
100p	F.P.	-	112½p	104¼p	Gartmore Scotland Zero Div Prf	112½p	
105	F.P.	-	105	100	Greencore 9.5% Cnv Ue Ln Stk 1995	100	
34½p	F.P.	-	37p	35½p	M & G Income Zero Div Prf 1p	36p	+¼
100p	F.P.	-	104p	101¼p	NatWest Bank 9pc Prf Series A	101¼p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
33	Nil	25/11	8pm	5pm	Anglo Eastern Plantations	6pm	
120	Nil	-	23pm	20½pm	Brent Chemicals 10p	20½pm	
10	Nil	20/11	2pm	¼pm	British Thornton 5p	¼pm	
350	Nil	10/1	114pm	93pm	De La Rue	104pm	-3
100	Nil	22/11	31pm	21pm	European Motor 40p	21pm	
215	Nil	20/12	38pm	31pm	More O'Ferrall 10p	38pm	+3
125	Nil	27/12	10pm	10pm	PCT Group 10p	10pm	
17	Nil	27/12	3pm	2pm	‡SelecTV 1p	2pm	
450	Nil	12/12	100pm	80pm	Serco Group 2p	98pm	
282	Nil	23/12	45pm	35pm	Sims Food 5p	37pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. n Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ° Unregulated collective investment scheme. ■ Unit comprising of 5 Ords and 1 Warrant.

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- Last Dealings Nov. 15
- Last Declarations Feb. 6
- For settlement Feb. 17

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ACT to buy Irish software as profits soar

By Alan Cane

ACT, the Birmingham-based computing services group formerly known as Apricot, said yesterday that it intended to acquire Kindle, Ireland's largest software house, for an initial consideration of £28.7m.

It also announced improved sales – up 14 per cent – and a pre-tax profits surge of 42 per cent for the first six months of a year which has seen many of its competitors reporting reduced profits or losses. The market reacted cautiously, knocking 5p off the share price, which finished at 137p.

The news of the impending purchase of Kindle was met with blank faces in the City where the Dublin-based software house is not well known. Now 12 years old, it specialises in packaged banking software for export markets which include Eastern Europe, the Middle East and the Far East.

The purchase agreement is complex because of Kindle's existing shareholding arrangements. The initial consideration will be paid through the issue of new shares and loan notes in ACT. About half the total shares will be placed with Kindle's existing management and the rest have been underwritten at 129p.

A further £5.5m may be paid as part of an earn-out scheme if Kindle's pre-tax profits for the year to June 1992 exceed I£4m. Kindle shareholders will also receive special dividends totalling £2.8m

Mr Roger Foster, ACT chairman, said he had little doubt the special consideration would be earned; it would be paid out of ACT's resources. Kindle last year made pre-tax profits of I£3.8m on sales totalling I£12.2m.

He said that the combination of Kindle and Quotient, a London-based supplier of software for the securities market which ACT acquired earlier in the year, would make ACT a worldwide player in one of the few global businesses open to smaller software companies.

ACT profits in the half year ended September 30 were £7.65m (£5.36m), part of the rise coming from an exceptional £1.04m on the sale of shares in SD-Scicon, the leading computing services company bought by Electronic Data Systems of the US.

Turnover was £52.6m (£46.2m). Earnings per share were up 28 per cent to 5.13p (4.01p) and the interim dividend is up to 1.5p (1.25p).

Mr Foster said all the company's divisions – financial, medical, government and systems integration – were operating profitably.

The results fully vindicated the company's decision to leave the computer hardware business, he said; it sold its workstation operations to Mitsubishi of Japan last year. It had £17m of net cash available for further acquisitions which were likely to be in medical systems or systems integration.

Go, stop, go, stick in a stuck go-go stock

Jane Fuller charts the rollercoaster history of FKI, now in search of offshoots to sell

FKI chiefs Tony Gartland (left) and Jeff Whalley: a pair of pithy, smoking northerners

MR JEFF Whalley, chairman of FKI, the UK electrical engineering group, was nicknamed "the smiling butcher" in the 1980s because of the skill and alacrity with which he used to sack people and close factories at acquired companies.

Now he and a clutch of new directors are looking for parts of the business that are worth nurturing to rebuild the group's credibility in the City.

Once a "go-go" stock, FKI Electricals, headed by dealmaker Mr Tony Gartland, took over the ponderous Babcock International in August 1987. Mr Whalley presided over the closure of 26 sites and "dropped" nearly 6,000 people.

That marriage lasted only two years and it undid FKI's reputation – even though Babcock was reformed with the help of share-issue cash and acquisition accounting. The way Mr Whalley describes the changed perception is: "We went from being two sexy lads to middle-aged boring engineers."

The aftermath of the demerger, in August 1989, has also been riddled with disappointment for FKI investors.

For this reason, Mr Whalley, the only survivor on FKI's board from the pre-Babcock era, has had to turn his attention away from the quick fix of cutting overheads and towards longer-term considerations of where the poorly performing group is going.

It will be an uphill task for him – and for his long-time financial aides at NM Rothschild, the merchant bank, and Panmure Gordon, the broker – to persuade soured observers in the City that the story is worth listening to.

In the past five weeks, a recovery in the share price, from 36p in January to 76p in early October, has gone into reverse. Wednesday's bad news that both the interim pre-tax profit and dividend were halved, and that the energetic young chief executive, Mr Norman Scoular, was leaving to spend more time with his family, has been followed by an 11 per cent fall to 52p.

The prospective p/e of 11, on a forecast of £28m pre-tax profit for the year to March 31 (down from £40m last year), is at a discount of about 25 per cent to the FT-A industrials index. This is weak for what ought still to be regarded as a recovery stock with its equal exposure to the UK and US economies.

Instead, a prospective dividend yield of 6 per cent, more than 22 per cent above the market, and net assets per share of 59p seem the best reasons for believing that the decline has gone far enough.

After the interim results, which were as bad as feared with a £13.5m (£26.3m) pre-tax profit on £371m sales, analysts at Kleinwort Benson and SG Warburg complained about the lack of strategy. They said some parts of the 50-subsidiary empire must be sold – rail equipment and US motor components, for instance – but had few good words to say of what might emerge.

"Too many businesses, without much synergy and lacking strength in their industries," summarises their judgment. Even the first-half star – US hardware, which increased operating profit by 10 per cent in tough markets for both office and household fittings – was dismissed as "failing to get the pulse racing". And the trailing rating was described as "not quite as attractive as it looks because of the low tax charge", levied at 26 per cent.

Their scepticism is such that concrete evidence of a recovery in profits is awaited, rather than the conventional anticipation which has pushed the p/e ratios of other recession-hit stocks, such as building materials, into the high teens.

A fundamental criticism is that the businesses have been run for cash, rather than for long-term growth, which does have something in common with the company's chastened view of itself.

But there are also other, more ephemeral, elements, with FKI spending its nine years on the stock market roughly half in and half out of fashion.

The present lack of credibility is in some ways a mirror image of the amazing credulity which, in early 1987, led a company with annual sales of £84m to have a market value similar to that of Babcock, turning over £1.2bn.

With FKI more than trebling its pre-tax profit to £11.3m in the three years to March 1987, its equity was happily swallowed to fuel the purchase of about 25 companies. Virtually all of them were loss-makers and Mr Gartland and Mr Whalley, a pair of pithy, smoking northerners, turned them round.

Before 1987, the most FKI paid for anything was £11.7m for bits of Thorn EMI. But already in June 1987 ambition began to o'erleap itself with the £37m takeover of Stone International. That paled beside the £415m paper-funded acquisition of Babcock, completed six weeks before the stock market crash. Mr Whalley, who once worked for Babcock but left when the board tried to send him south to Wolverhampton, admits that Babcock's head, Lord King, got rather a good price for it.

Added to a £94m rights issue, which flopped along with those of WPP and Blue Arrow, FKI's equity swelled threefold and the additional stock was largely left with sub-underwriters.

The shares have been cheap ever since.

With conglomerates out of fashion, Mr Gartland turned his hand to trying to release value for shareholders with a succession of mooted sales and flotations. The only one that came off was the demerger of the two original constituents in August 1989. Yesterday evening their combined share price stood at 111p, less than two thirds of the price put on that ill-fated rights issue four years ago.

With the past two years dominated by disappointment, over both operating performance and a failure to sell the US business, what answer does Mr Whalley have to questions about strategy?

His response remains limited, in spite of time spent reviewing the group since he moved up from deputy chairman to chairman in April, replacing Mr Gartland.

What he will offer is that the core parts of the business include process control and material handling, mining equipment, machine shop consumables, power distribution and hardware.

Rail equipment tops the disposal list and US automotive has been removed from it at least until Mr Bob Beeston, who starts as managing director in the new year, has had a look at it.

Meanwhile, Mr Whalley points to a reduction of net debt from £89m to £75m (gearing of 28 per cent) in the two half-years to September 30, with a further cut expected by next March.

Soon after that, Mr Whalley promises that the business strategy will be ready. Unlike the analysts, he is relaxed about the long wait. Input is needed from Mr Beeston, who is prepared to leave the industrial conglomerate BTR at an interesting time, bearing in mind the bid for Hawker Siddeley.

FKI's eclectic hunt for non-executive directors goes on. Two recent appointments are Mr Arthur Walsh, former head of STC, the telecoms group, and Mr Bob Murray, co-founder of the Spring Ram bathrooms and kitchens concern and chairman of Sunderland Football Club.

Still to come are an American industrialist and "a City heavyweight", whose duties will include "marketing the share price". It looks as though that job will be just as tall an order as that of Mr Beeston on the operating side.

● Babcock International Group reports its interim results on Monday. Pre-tax profit is expected to rise to about £24m from £21.4m.

Robert Mackenzie is BET's new man

By Richard Gourlay

BET, the industrial services group, yesterday appointed Mr Robert Mackenzie as finance director to succeed Mr John Griffiths, who left in August following an institutional revolt earlier this year.

Mr Mackenzie was welcomed by analysts and institutions as the sort of person BET needs to restore financial control. Last year the group lost control of its working capital, helping depress profits for the first time in a decade.

His appointment comes amid lingering doubts whether BET can generate cash over the long term from its loosely integrated collection of businesses other than through disposals.

Mr Mackenzie also joins a group that has attracted attention for adventurous accounting policies and the use of controversial auction market preferred shares (AMPS) to raise quasi-equity.

The appointment completes the main board changes which started when institutions early this year called for Mr Nicholas Wills, the chief executive, to step aside.

The institutions were angered when, despite BET's insistence that it was recession proof, the company unexpectedly cut its profits forecasts. They also felt the group had paid too much for Hestair, the personal services company.

On Monday, the new chief executive, Mr John Clark, an outsider who headed a California based tobacco, sweets and groceries distributor, faces his first test when interim results are announced. Analysts expect the group to report pre-tax profits of £75m, down from £137.2m, and a maintained dividend.

Mr Mackenzie has a reputation as a tough operator, more interested in number crunching than musing about elaborate long term strategies. He was finance director at Imperial Tobacco when Hanson was integrating the subsidiary in 1986 and served a period as financial comptroller for the conglomerate in London.

The acrimonious nature of his departure in October 1990 from Storehouse, the retailing group where he was finance director, gives a clue to Mr Mackenzie's style.

He is understood to have left Storehouse after taking a more conservative approach to capital expenditure than Mr Michael Julien, the chief executive.

UK Land talks with bankers

By Andrew Bolger

UK Land, the property company which owns the Elephant and Castle shopping centre in south London, is in talks with its bankers, led by British Linen, about whether it has a future as a public company.

Its shares plunged from 35p to 20p yesterday after announcing that bankers had appointed an administrative receiver to Northampton Business Park.

In August, Mr Colin Tett, chairman, said the future of UK Land depended on the business park. It sold the first phase to Barclays Bank for £19m, but has not been been able to let or sell the much larger second phase.

The appointment of a receiver means that UK Land is likely to lose its £12m investment in the park, and the terms of the financing means it could be liable for several million pounds more. As a result, UK Land's shareholder funds are likely to be negligible.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 18.11.91: Pool purchase price £/MWh	Final Prices for Trading on 16.10.91: Pool purchase price £/MWh	Final Prices for Trading on 16.10.91: Pool selling price £/MWh
0030	18.45	15.81	15.81
0100	20.79	15.81	15.81
0130	26.00	15.86	15.86
0200	26.00	15.92	15.92
0230	18.14	15.92	15.92
0300	18.14	15.90	15.90
0330	16.53	15.83	15.83
0400	16.34	15.82	15.82
0430	16.34	15.81	15.81
0500	16.34	15.81	15.81
0530	16.30	15.80	15.80
0600	16.30	15.80	15.80
0630	16.30	15.81	15.81
0700	16.30	15.83	15.83
0730	16.30	15.86	15.86
0800	16.45	18.78	19.20
0830	18.30	18.91	19.32
0900	19.11	18.78	19.20
0930	28.17	18.91	19.32
1000	28.17	18.91	19.32
1030	28.17	18.91	19.32
1100	20.68	18.91	19.32
1130	19.67	18.91	19.32
1200	19.67	18.78	19.20
1230	19.67	18.78	19.20
1300	19.67	18.78	19.20
1330	19.57	18.64	19.05
1400	16.43	15.57	15.97
1430	16.30	15.83	15.83
1500	16.30	15.82	15.82
1530	16.30	15.83	15.83
1600	16.34	15.82	15.82
1630	16.46	15.86	15.86
1700	20.69	15.87	15.87
1730	28.54	18.78	19.20
1800	28.54	18.91	19.32
1830	26.54	17.13	18.56
1900	24.74	17.18	19.58
1930	22.34	18.74	21.20
2000	20.89	18.74	21.21
2030	20.30	18.74	21.21
2100	18.50	18.74	21.21
2130	18.50	18.74	21.21
2200	15.80	18.74	21.22
2230	16.43	17.13	18.56
2300	16.30	17.13	18.56
2330	16.28	15.86	15.86
2400	16.29	15.82	15.82

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

NEWS DIGEST

MCC shares for Citibank nominee

CITIBANK, the US bank, announced that 2m shares in Maxwell Communication Corporation owned by private interests of the late Mr Robert Maxwell, the publisher, have been transferred into the name of Gorton Nominees, believed to be a Citibank nominee account.

The shares were previously in the name of Bishopsgate Investment Trust, an investment holding company owned by the Robert Maxwell Group, Mr Maxwell's main private holding company.

Citibank has been improving the security for its loans to Maxwell companies. Last weekend it was revealed that Citibank had taken control of 25m shares, 3.8 per cent of MCC, which had been pledged to it as collateral for loans.

Citibank declined to comment on whether it would sell the shares.

Improved trend for Wilshaw

Wilshaw, the specialist metals, distribution and building products group, has shown an increase in trading in the half-year ended September 30 1991, and expects further improvement in profitability in the current six months.

Pre-tax profit to September came to £463,000, a 36 per cent increase over the second half of 1990-91 but a 19 per cent reduction on the opening six months of that year.

At the operating level, specialist metals accounted for £277,000 (£9,000 first half last year), distribution £486,000 (£676,000) and building products £198,000 (£500,000). Sales totalled £10.9m (£13.6m).

Careful management of working capital had led to gearing coming down from 101 to 69 per cent.

Earnings per share fell to 0.38p (0.49p) but the interim dividend is again 0.1p.

Clyde Blowers drops 36% to £254,000

A 36 per cent fall in pre-tax profits, from £397,200 to £253,749, was announced by Clyde Blowers, the mechanical engineer, valves and tools maker, for the year to August 31.

Earnings per share emerged 9.5p lower at 18p, but an unchanged final dividend of 7.07p is proposed to maintain the total at 7.9p.

Turnover declined from £4.78m to £4.34m and operating profits dropped sharply to £92,689 (£214,177). Income from investments added £161,060 (£183,023).

Tax took less at £73,700 (£122,140).

Bowthorpe makes £5.1m purchase

Bowthorpe Holdings, maker of electronic equipment, is to acquire the business and net assets of Edgcumbe Investments, a division of NEI Control Systems, for £5.13m in cash.

Net assets to be acquired have a book value of about £2m. Edgcumbe's trading profits – including an amount in respect of a consequential loss claim but before interest and tax – were £800,000 in 1990.

The transaction is expected to be completed on November 22, when a further announcement will be made.

Explaura loss jumps but output starts

Losses at Explaura Holdings, the USM-quoted limestone quarry operator, leapt from £45,000 to £1.35m in the first half of 1991. However, Mr Rudolph Agnew, former chairman of Consolidated Gold Fields and Explaura chairman since August, maintained that the company "was in good shape to start 1992".

Rudolph Agnew: Explaura in good shape for 1992

He said that its financial position had been secured by August's rights issue; the management had been strengthened; a 10-year sales agreement with a New York customer had been signed and deliveries for up to 1m tons per annum had started in July; and the development of the group's limestone deposits had commenced.

The results were in line with the rights issue statement, he said, and the low levels of sales – £409,000 – "made substantial losses inevitable". Losses per share were 1.15p (0.04p).

Assoc Farmers waits for second half

Associated Farmers has now completed the harvesting of cereals, peas and beans, and oil seed rape, and is confident that the first half loss is not indicative of the result for the whole of 1991.

In its first interim report the company emphasised the cyclical nature of farming, and disclosed a pre-tax loss of £361,000 for the six months to the end of June (£450,000 for seven months to June 1990) on turnover of £1.52m (£594,000). Losses per share were 9.17p (19.89p).

Preference dividends due on March 31 and September 30 were not paid, but the directors expressed confidence that those and the current payment would be met next March.

The company farms on its own land, in various types of joint ventures and under management contracts. At June 30 it was involved in 36,000 acres and has since received instructions to farm a further 3,500. Apart from arable crops, it is responsible for extensive livestock operations.

Mr Nigel Brown joined the board last May. He is the largest shareholder and will become chairman at the end of the year. The company, which trades on the USM, is to change its name to Sentry Farming Group.

Somic halves mid-term loss

Somic, yarn and fabric maker, reduced its loss from £56,000 to £25,000 in the half year ended September 30 1991.

The directors said the order book in some areas had recently increased. Several traditional products suffered a fall in demand, but enquiries for new product developments were at an all-time high.

Mason Fabrics had taken on new agencies, Baronet had diversified into new areas and Somic was developing the increased demand in ecologically friendly products. Some benefit should come in the current year.

Sales in the half year fell to £1.74m (£1.88m) and trading loss was £62,000 (£93,000). Losses per share came to 0.96p (1.83p).

Torday attacks price of Dowding's bid

Torday & Carlisle, the niche engineer fighting a bid from Dowding and Mills, has attacked the hostile offer as ludicrous and unconvincing.

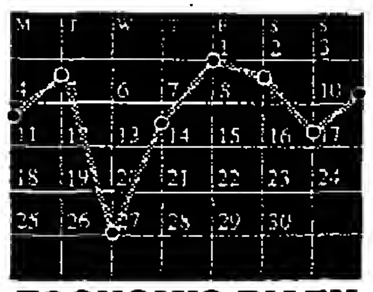
Mr Paul Torday, chairman, said in the final defence document which was issued last night, that the £16.3m offer continued to undervalue the business. Dowding is offering nine shares for every five Torday – valuing the target at 115.2p at last night's close – and a cash sweetner of 108p for up to 40 per cent of the new issue. Torday shares closed yesterday at 106p.

Mr Jim Cole, Dowding's chief executive, said: "If the market believed Paul Torday, the share price would now be higher. Instead it is below the value of our offer." The offer closes on November 22.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
ACT Group	int	†1.5†	Jan 6	1.25‡	-	3.75
Clyde Blowers	fin	7.07	Jan 13	7.07	7.9	7.9
Firth (GM)	int	nil	-	1	-	1
Wilshaw	int	0.1	Mar 31	0.1	-	0.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Also 5p special from sale of Apricot.



ECONOMIC DIARY

TODAY: Mideast Oil Show opens in Bahrain (until November 17).

TOMORROW: National Savings results (October).

MONDAY: CBI survey of distributive trades (October) (100th survey). Retail sales (October-provisional). Public sector borrowing requirement (October). European Community agriculture council meets in Brussels (until November 19). The European Community industry council meets in Brussels. European Parliament in session in Strasbourg (until November 22). Western European Union defence ministers meeting in Bonn. US-Soviet meeting in Anchorage, with representatives of Japan, Poland and China taking part, on fishing agreements. Nordic trade and investment conference in Stockholm. European Space Agency ministerial meeting in Munich to focus on long-term plans (until November 20).

TUESDAY: Gross domestic product (output-based) (third quarter-preliminary). Manufacturers and distributors stocks (third quarter-provisional). US merchandise trade for September. Informal meeting of the European Community regional policy ministers in The Hague. Summit of Francophone heads of state and government in Paris (until November 21). Start of two-day Financial Times conference "The petrochemical industry — prospects for the 1990s" in London.

WEDNESDAY: New construction orders (September-provisional). Major British banking groups' monthly statement (October). Provisional estimates of monetary aggregates (October). US housing starts/building permits for October. Start of two-day Financial Times conference "Spain's role in the new Europe" in Madrid.

THURSDAY: New Earnings Survey 1991 Part E: Results for regions, counties, and age groups. Institute of Directors annual dinner at Grosvenor House Hotel, London. Mr Boris Yeltsin, Russian president, visits Germany (until November 22). BT share offer discount day. Bundesbank council meeting.

FRIDAY: Balance of payments current account and overseas trade figures (October).

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Friday November 15 1991						Thu Nov 14	Wed Nov 13	Tue Nov 12	Year ago (approx)	Highs and Lows Index			
		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Index No.	Index No.	Index No.	Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	792.08	-0.7	8.82	6.15	14.44	32.12	797.37	796.74	803.78	691.95	890.04 15/3	675.31 16/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	973.65	-1.3	7.52	6.40	17.56	41.35	986.22	980.82	983.87	926.43	1167.75 14/3	911.64 16/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (30)	1043.53	-1.1	7.67	7.05	18.62	50.73	1054.89	1054.46	1061.39	1116.77	1438.66 15/3	1043.53 15/11	1951.50 16/7/87	71.48 2/12/74
4	Electricals (11)	2443.83	-0.6	8.90	5.98	14.22	98.23	2457.87	2465.01	2486.77	1821.06	2675.48 1/10	1837.98 22/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (25)	1730.03	+0.4	10.72	5.51	11.86	51.95	1722.96	1710.76	1734.03	1503.08	1958.19 15/3	1478.08 16/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	344.33	-0.5	16.28	7.54	7.42	18.52	346.01	345.36	350.98	399.58	469.23 9/4	344.33 15/11	502.42 13/6/90	344.33 15/11/91
7	Engineering-General (43)	477.07	-0.3	10.16	5.24	12.16	16.79	478.31	480.56	483.96	347.71	503.16 2/10	339.57 23/1	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (9)	351.11	-0.6	2.10	10.09	-	18.43	353.27	350.58	352.36	392.91	509.18 3/4	350.58 13/11	596.67 9/10/87	49.65 6/1/75
9	Motors (12)	323.13	+0.3	8.01	7.45	16.57	17.56	322.31	322.55	327.00	276.37	371.25 6/9	266.43 16/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (20)	1549.65	-1.1	8.13	5.26	14.61	57.59	1566.58	1571.66	1586.94	1141.50	1695.01 2/9	1147.76 16/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (198)	1601.30	-0.4	7.19	3.50	17.22	36.47	1607.13	1586.41	1601.80	1182.27	1607.13 14/11	1188.45 16/1	1607.13 14/11/91	61.41 13/12/74
22	Brewers and Distillers (22)	1939.78	.....	7.94	3.47	15.33	38.33	1940.56	1941.45	1964.41	1505.09	1964.41 12/11	1478.24 25/1	1964.41 12/11/91	69.47 13/12/74
25	Food Manufacturing (19)	1209.32	-0.3	9.36	4.13	13.21	30.09	1212.89	1209.39	1220.09	996.36	1251.91 2/10	1013.60 16/1	1251.91 2/10/91	59.67 11/12/74
26	Food Retailing (17)	2383.89	-0.6	9.54	3.46	13.64	58.06	2398.62	2385.69	2446.31	2213.69	2854.91 2/5	2259.53 2/1	2854.91 2/5/91	54.25 11/12/74
27	Health and Household (23)	4247.65	-0.2	4.84	2.27	23.71	67.75	4257.72	4107.45	4122.11	2366.33	4257.72 14/11	2454.93 16/1	4257.72 14/11/91	175.38 28/5/80
29	Hotels and Leisure (24)	1347.88	-0.6	7.56	5.22	16.34	45.61	1355.80	1356.58	1362.92	1212.60	1405.62 2/9	1066.91 25/1	1845.77 8/9/89	54.83 9/1/75
30	Media (26)	1471.11	-0.2	7.17	4.85	18.22	47.37	1474.15	1465.99	1494.48	0.00	1565.67 20/9	1166.91 16/1	1565.67 20/9/91	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	766.24	-0.5	7.05	4.34	17.20	24.09	770.33	767.87	770.67	478.88	788.41 9/9	486.96 16/1	788.41 9/9/91	43.46 6/1/75
34	Stores (32)	1030.86	-0.8	7.35	3.60	17.82	25.03	1039.64	1025.75	1034.08	799.69	1042.47 8/11	766.89 29/1	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	640.26	-0.3	7.27	4.85	17.54	19.91	642.37	644.70	648.75	415.92	652.30 1/11	396.58 28/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (110)	1232.49	-0.9	9.71	5.30	12.99	36.29	1244.21	1243.07	1256.08	955.95	1330.48 2/10	961.05 16/1	1330.48 2/10/91	58.63 6/1/75
41	Business Services (12)	1378.66	-0.6	7.92	4.74	15.62	39.29	1387.34	1383.36	1398.00	0.00	1447.24 4/10	892.28 1/2	1447.24 4/10/91	892.28 1/2/91
42	Chemicals (21)	1411.62	-0.7	7.02	5.19	17.69	48.39	1421.57	1411.40	1430.81	1001.92	1520.52 2/9	1004.01 16/1	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1418.19	-1.2	10.19	7.39	11.90	38.87	1435.77	1440.90	1456.10	1225.89	1626.42 14/3	1217.37 16/1	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	2310.56	-0.3	6.22	4.89	20.65	68.25	2318.62	2324.00	2344.54	1762.47	2425.36 2/10	1730.87 23/1	2554.69 12/7/89	90.80 29/6/62
45	Electricity (16)	1182.87	-0.8	14.85	5.50	8.78	27.53	1193.01	1189.75	1208.35	0.00	1286.51 2/10	994.96 7/1	1286.51 2/10/91	994.96 7/1/91
46	Telephone Networks (4)	1485.68	-1.1	10.39	4.20	12.60	28.34	1502.78	1502.85	1513.76	1099.96	1658.67 2/10	1085.95 16/1	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2358.02	-0.9	17.32	6.56	6.39	125.82	2380.24	2395.01	2412.94	1973.13	2539.85 6/9	2134.83 16/1	2539.85 6/9/91	1820.20 1/5/90
48	Miscellaneous (23)	1832.29	-1.2	5.37	5.38	25.78	70.30	1853.93	1846.54	1867.48	1487.54	2033.42 15/8	1506.17 16/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1281.46	-0.6	8.28	4.55	15.14	35.98	1289.20	1280.27	1292.81	992.86	1326.09 6/9	991.97 16/1	1326.09 6/9/91	59.01 13/12/74
51	Oil & Gas (19)	2332.75	+0.5	11.21	5.96	11.79	103.73	2321.67	2338.77	2386.10	2229.25	2509.42 23/7	2101.45 21/1	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1372.95	-0.5	8.62	4.72	14.64	41.31	1379.48	1372.26	1387.40	1094.42	1424.90 2/9	1092.04 16/1	1424.90 2/9/91	63.49 13/12/74
61	FINANCIAL GROUP (91)	771.95	-0.9	-	6.04	-	32.19	779.04	776.39	783.29	697.75	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	902.57	-0.9	4.62	5.91	40.96	37.46	910.70	906.21	912.42	739.80	990.15 6/9	695.08 15/1	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (7)	1480.70	-1.9	-	5.72	-	63.68	1508.95	1503.23	1513.47	1286.94	1632.53 4/9	1220.74 16/1	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (6)	566.16	-1.2	-	7.76	-	32.94	573.11	571.47	584.22	603.61	728.27 15/3	561.11 25/10	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	1098.89	-0.6	7.46	6.06	17.64	43.14	1105.40	1098.56	1106.79	961.04	1202.38 5/4	932.88 23/1	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	498.05	+0.6	-	4.24	-	13.08	495.05	493.17	490.05	336.02	498.05 15/11	327.70 16/1	547.59 12/10/87	31.21 7/1/75
69	Property (35)	883.74	-0.6	6.12	5.27	23.10	25.28	889.33	890.48	899.29	947.41	1087.65 15/3	872.76 24/10	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (17)	250.15	+0.1	11.33	6.91	11.10	11.72	249.91	249.47	250.13	243.71	298.63 15/3	236.37 16/1	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1213.14	-0.1	-	3.57	-	29.18	1213.91	1211.12	1218.14	989.79	1261.80 6/9	947.19 16/1	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (661)	1228.71	-0.5	-	4.85	-	38.60	1235.09	1229.01	1242.07	996.49	1284.07 6/9	987.46 16/1	1284.07 6/9/91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 14	Nov 13	Nov 12	Nov 11	Nov 8	Year ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ‡	2546.6	-15.0	2560.7	2544.8	2561.6	2546.5	2575.5	2554.9	2559.0	2068.0	2679.6 2/9	2054.8 16/1	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 15	Day's change %	Thu Nov 14	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (27)	122.09	....	122.10	1.83	10.75
2	5-15 years (28)	135.31	-0.17	135.54	2.36	11.84
3	Over 15 years (8)	143.75	-0.22	144.06	2.24	11.50
4	Irredeemables (6)	156.98	-0.05	157.05	0.71	13.45
5	All stocks (69)	133.42	-0.12	133.58	2.17	11.60
	Index-Linked					
6	Up to 5 years (2)	167.37	+0.06	167.27	0.48	3.16
7	Over 5 years (9)	149.70	+0.03	149.66	0.97	3.83
8	All stocks (11)	151.01	+0.04	150.95	0.89	3.81
9	Debs & Loans (68)	113.53	-0.07	113.61	1.94	9.62

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 15	Thu Nov 14	Year ago (approx.)	1991 High	1991 Low
	British Government						
1	Low	5 years	8.50	8.45	10.25	10.14 16/1	8.42 12/11
2	Coupons	15 years	9.46	9.44	10.73	10.24 2/1	9.24 18/9
3	(0%-7¾%)	20 years	9.46	9.44	10.76	10.26 2/1	9.24 18/9
4	Medium	5 years	9.69	9.64	11.31	11.15 2/1	9.56 20/9
5	Coupons	15 years	9.57	9.54	11.22	10.62 2/1	9.41 20/9
6	(8%-10¾%)	20 years	9.55	9.51	11.19	10.50 2/1	9.35 18/9
7	High	5 years	9.90	9.85	11.43	11.25 2/1	9.75 20/9
8	Coupons	15 years	9.65	9.62	11.43	10.80 2/1	9.50 18/9
9	(11%-)	20 years	9.59	9.56	11.42	10.67 2/1	9.41 18/9
10	Irredeemables	†	9.67	9.66	10.98	10.48 31/12	9.43 18/9
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.78	3.79	3.90	4.48 15/7	3.59 18/1
12	Inflation rate 5%	Over 5 yrs.	4.24	4.23	4.24	4.40 1/8	4.09 18/2
13	Inflation rate 10%	Up to 5 yrs.	3.11	3.21	2.57	3.60 9/7	2.13 21/2
14	Inflation rate 10%	Over 5 yrs.	4.05	4.07	4.04	4.22 15/8	3.90 12/4
15	Debs &	5 years	11.29	11.28	13.36	12.63 9/1	11.08 25/9
16	Loans	15 years	11.13	11.12	12.87	12.38 18/1	10.84 23/9
17		25 years	10.97	10.95	12.51	12.16 18/1	10.66 23/9

‡ Opening index 2560.7; 9 am 2554.7; 10 am 2550.7; 11 am 2554.7; Noon 2555.9; 1 pm 2555.1; 2 pm 2554.2; 2.30 pm 2554.8; 3 pm 2546.9; 4.10 pm 2546.9; (a) 8.30am (b) 3.25pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*609)	550	65½	85½	92½	5¼	10½	16½
	600	32	52½	60½	18½	27½	35½
	650	13	29½	39½	50½	55½	60½
ASDA (*43)	40	-	-	10½	-	-	5½
	43	4¼	6	-	3¼	6	-
	50	-	-	6	-	-	11½
Brit. Airways (*217)	180	37½	44½	47½	½	2¾	4¾
	200	19½	28½	33½	3½	6½	10½
	220	8½	18½	21	10½	14½	18½
SmKl Beecham A (*821)	750	86½	105	121	5	11½	16
	800	48½	70½	89½	15½	24½	30½
	850	22	43½	61½	40½	47½	53½
Boots (*436)	420	24	39	45	8	12½	16½
	460	6½	16½	23	30½	33½	36½
B.P. (*324)	300	29½	34½	-	2¼	4¼	-
	330	9½	15½	21	11	16	17½
British Steel (*86)	80	7	10½	12	4	5½	6¼
	90	3	5¼	6¼	10½	11	10½
Bass (*968)	950	28½	55	73	28½	35½	40½
	1000	9½	32½	49½	61½	66½	70
C & Wire (*561)	550	28	48	57½	19	26	32½
	600	8	23	34	50½	54	59½
Courtaulds (*471)	460	25	41	47	11½	16½	21
	500	8½	22	27	34	35	40
Com. Union (*479)	460	34½	42½	49½	7	15½	20
	500	13	21	30	27½	38½	41½
Fisons (*417)	390	38	48	57½	5	10	11½
	420	17½	28	39½	16½	22	24
GKN (*320)	300	28½	-	-	5	-	-
	330	12½	19	24	17	28½	30½
Grand Met. (*861)	850	37½	54½	78½	24½	31½	36½
	900	14½	30½	53½	53½	60½	64½
I.C.I. (*1219)	1200	66½	86½	110	24	51½	56½
	1250	39½	58½	83½	48½	79½	83½
Kingfisher (*548)	500	59½	72½	79½	3	7½	12½
	550	22½	39½	47½	15	24½	30½
Ladbroke (*265)	260	-	-	27	-	-	15½
	268	11	19½	-	10½	17½	-
Land Secur (*501)	500	15	28	33½	14½	19	25½
	550	1¼	9½	12½	56½	56½	56½
M & S (*294)	280	22½	31½	34½	4	6½	10
	300	9½	18½	22½	12	15	17½
Salesbury (*347)	330	-	36	40	-	6½	9½
	356	10½	-	-	15½	-	-
Shell Trans. (*507)	500	23½	30	40½	9½	19	20½
	550	4½	9	17	43½	49½	50½
Storehouse (*100)	100	4½	8	10½	7	9½	10½
	110	2¼	4¼	7	14½	16	17
Trafalgar (*230)	220	-	21½	23½	-	15½	19½
	231	9	-	-	17½	-	-
Utd. Biscuits (*381)	360	30½	39½	43	4	10½	12½
	390	13½	22	27	16½	23½	26
Unilever (*847)	800	62½	76½	88½	8½	18	22½
	850	27½	45	59½	27½	40	42½
Ultramar (*337)	330	22½	26	34½	11	19	20
	360	9½	15¼	21½	28½	34½	37½

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit. Aero (*340)	330	-	27½	33	-	12	24½
	360	½	14½	19	22½	29	43½
BAA (*456)	420	35	44	57	1	8	11½
	460	5½	21	34	10½	24½	27½
BAT Inds (*638)	600	37½	60	70½	½	8½	16
	650	2	27½	38½	12½	25	37½
BTR (*386)	360	28	38	44	½	4½	11
	390	3	19	24	5	15½	24
Brit. Telecom (*364)	360	6	19	30	3¼	14	16½
	390	¼	7½	16	26	32½	35
Cadbury Sch (*409)	390	19	39½	44½	½	10½	20
	420	2	22½	30½	12½	22½	31½
Eastern Elec (*242)	230	13	19½	22½	½	5½	7½
	250	1	7½	13½	9½	15½	17½
Guinness (*525)	525	4	28	37½	4	16½	24
	550	¼	16½	26½	24½	30½	37½
GEC (*192)	180	11	15	20	½	4	5¼
	200	½	5	9½	9	13	15
Hanson (*203)	200	4½	10¾	15	1¼	9½	11¾
	220	½	3	6¼	17	25	25½
LASMO (*300)	300	6	23½	28	5	16	24
	330	1	10	16½	32½	36	42½
Lucas Inds (*129)	130	2¼	10½	12½	3	8	10½
	140	½	5¼	8¼	11½	13½	15½
P. & O. (*490)	460	-	-	57½	-	-	17½
	472	19½	40½	-	1	11	-
Pilkington (*140)	140	3	10½	16½	2¼	9	12½
	160	½	3¼	8½	20	22	25
Prudential (*240)	240	3¼	14½	18½	3	9	15½
	260	½	7	10	20½	22½	27½
Racal (*55)	56	2	-	-	2	-	-
	60	½	2	-	5	7	-
R.T.Z. (*526)	500	26	45½	54½	½	9½	19½
	600	½	18½	26½	24	31½	43½
Scot. & New (*385)	360	27½	34½	-	½	6	-
	390	3¼	16½	28	5½	18	22
Tesco (*226)	220	6½	16½	20½	1¼	6½	10½
	240	½	7	11½	14½	16½	20½
Thames Water (*355)	350	6¼	19½	-	3	8	-
	360	-	-	23	-	-	19½
Vodafone (*383)	360	22½	35½	48	¼	8½	12½
	390	2	20	32	10½	21	26

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*284)	280	10½	19	24	4½	12½	14½
	300	2½	9	15½	17½	22	25
Amstrad (*34)	30	5½	7¼	8¼	1½	3	4
	35	2¼	5	6¼	3¼	5¼	6½
Barclays (*400)	390	20	30	36	5	14½	17½
	420	5	5½	20½	22	32½	35
Blue Circle (*241)	240	9	19½	22	5½	10¾	16
	260	2¾	10	13½	19	22	27
British Gas (*243)	240	8¼	14¼	17	3¼	8½	12
	260	2¼	6¼	9	17½	20	24½
Dixons (*237)	220	19½	28	-	1¼	6	-
	240	7	15½	23½	8½	13½	15½
Eurotunnel (*397)	390	28	45	60	12½	23½	32
	420	10	30	45	25½	38	45
Glaxo (*844)	800	56½	88½	110	8½	24½	34
	850	27	58½	83½	30½	43½	55½
Hawker Sidd. (*724)	700	33½	45½	49	2½	4½	12½
	750	3	14½	22	25	27	37
Hillsdown (*197)	197	5½	13	-	5½	8¼	-
	200	-	-	15½	-	-	15
Lonrho (*233)	220	15½	20½	22½	2	9¼	12½
	240	5	10	13½	10½	20½	23½
Midland Bk (*237)	220	19½	25½	34	1¾	7¾	10
	240	7	15¾	24	9½	14½	18½
National Power (*149)	140	11½	13	17½	2¼	5¼	6½
	160	2¼	5¾	8	13	15½	17½
Reuters (*906)	900	33	67½	81½	20½	42½	49½
	950	13½	42	60½	52	71½	76½
R. Royce (*131)	130	5½	9	11	5	10	12
	140	1½	4¼	6½	12	18½	20½
Scottish Power (*102)	100	4½	8	10	2¼	5	6
	110	1	4	6	9	12½	13
Sears (*97)	90	8	11	13½	1½	4	5½
	100	3	5½	9	6	8	11
Forte (*275)	260	19½	28	32½	2¼	5½	9½
	280	6½	17	21½	9	13½	18½
Thorn EMI (*785)	750	46½	68½	86½	4½	12½	15½
	800	13½	32	55½	26	29½	33½
TSB (*130)	130	6½	10	12	3¼	7	9½
	140	2½	5¾	9	11	19½	14½
Vaal Reefs (*562)	60	4¾	7¼	10½	2	4¾	6¼
	70	1½	3¼	6¾	10½	13	14
Wellcome (*898)	850	59½	99½	124	15½	34½	45½
	900	32½	71½	100	37½	55½	65½

EURO FT-SE INDEX (*2547)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Nov	169	120	72½	32½	9½	2½	½	½
Dec	192	147	106	71	39½	21	9½	4
Jan	-	168	-	95½	-	42	-	14½
Mar	-	207	-	136	-	83	-	41½
Jun	-	247	-	182	-	125	-	80
Sep	-	275	-	217	-	167	-	117
PUTS								
Nov	1½	3	5½	16½	40½	84½	132	182
Dec	8	13½	22½	34½	54½	84½	121	165
Jan	-	22½	-	47½	-	92½	-	160
Mar	-	43½	-	70	-	107	-	165
Jun	-	60	-	85	-	122	-	175
Sep	-	72	-	99	-	137	-	179

FT-SE EUROTRACK 100 INDEX (*1109)

	1050	1075	1100	1125	1150	1175	1200	
CALLS								
Dec	72	49	30	13	5	2	1	-
Mar	99	79	60	43	28	17	11	-
PUTS								
Dec	5	7½	11	24	40	61	84	-
Mar	15	19	27	33	40	51	68	-

FT-SE INDEX (*2547)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Nov	148	100	55½	20½	3½	1½	½	¼
Dec	171	128	87	54½	30½	14½	6½	2½
Jan	190	150	113	81	54½	33½	20	10½
Feb	209	170	134	102	73½	51½	33½	22
Jun †	270	-	200	-	140	-	95	-
PUTS								
Nov	2	4	10½	28½	66	113	163	213
Dec	11½	17½	29	48	76	116	165	215
Jan	21	30	43½	61½	89	124	169	219
Feb	29½	40	54	73½	97½	128	168	218
Jun †	63	-	90	-	133	-	198	-

November 15 Total Contracts 27,383
Calls 16,245 Puts 11,138
FT-SE Index Calls 810 Puts 1,879
Euro FT-SE Calls 3,230 Puts 1,850
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt about the action you should take you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services Act 1986 immediately.
Further copies of this document and the accompanying Form of Tender may be obtained on request from Stentiford Close Registrars Limited at the address set out in the Form of Tender.

TENDER OFFER

by

English Trust Company Limited

on behalf of

ENGLISH TRUST GROUP PLC

to purchase 1,200,000 Ordinary Shares in

TRIO INVESTMENT TRUST PLC

at 50p per share

The procedure for tendering is set out below. Forms of Tender should be received no later than 3.30 p.m. on Friday, 22nd November, 1991.

ENGLISH TRUST

ENGLISH TRUST COMPANY LIMITED
CARTHUSIAN COURT
12 CARTHUSIAN STREET
LONDON EC1M 6EB

15th November, 1991

To the holders of Ordinary Shares in Trio Investment Trust PLC ("Trio") and, for information only, to the holders of Warrants

Dear Sir or Madam,

Tender Offer on behalf of English Trust Group PLC for 1,200,000 Ordinary Shares in Trio at 50p per share.

On behalf of English Trust Group PLC ("English Trust"), we hereby offer to acquire by tender on the terms and subject to the condition set out below, (the "Tender Offer"), 1,200,000 Ordinary Shares of 25p each in the capital of Trio ("Trio shares"), representing approximately 29.9 per cent. of the current issued ordinary share capital of Trio, at 50p per Trio share.

In the event that the total number of Trio shares tendered exceeds 1,200,000, tenders will be scaled down *pro rata*. Neither English Trust nor any person deemed to be acting in concert with it owns or has rights over any shares or warrants in Trio. Mr. C. J. Spence and Mr. A. F. Arscott, both directors of Trio, are also directors of English Trust.

English Trust, an unlisted public company, is the holding company of an investment management and corporate finance group, the principal trading subsidiary of which is English Trust Company Limited. The English Trust group was created in September 1991 as a result of a management buy-out from Nordbanken, the Swedish bank, of the investment management and corporate finance businesses which have been carried on under the English Trust name since 1978.

Terms of the Tender Offer

1. Trio shares may be tendered under the Tender Offer at a price of 50p per share. Subject to paragraph 3 below, all tenders will be irrevocable.
2. Holders of Trio shares may tender all or any part of their holdings.
3. The Tender Offer is conditional on the receipt by English Trust of tenders totalling not less than 1,200,000 Trio shares. Accordingly, if tenders totalling less than 1,200,000 Trio shares are received, the Tender Offer will be void.
4. The Tender Offer will close at 3.30 p.m. on Friday, 22nd November, 1991 (the "Closing Date"). No tenders received after that time will be accepted.
5. Trio shares successfully tendered will be acquired by English Trust free from all liens, charges and encumbrances and together with all rights attaching thereto, including the right to all dividends and other distributions declared, made or paid after the date hereof, save for the final dividend of 1p per share recommended for payment in respect of the year ended 30th June, 1991.
6. If tenders for more than 1,200,000 Trio shares are received, the tenders will be scaled down *pro rata* (fractions being ignored).
7. All tenders must be made on the Form of Tender, which is enclosed with the circular containing the Tender Offer posted on 15th November, 1991 to holders of Trio shares, or which appears in the Financial Times and The Independent newspapers on Saturday, 16th November, 1991. Forms of Tender must be duly completed in accordance with the instructions therein, which (together with the notes therein) constitute part of the terms of the Tender Offer. Tenders will only be valid where the procedure for tendering set out below and in the Form of Tender is complied with in all respects.
8. The Tender Offer and all tenders will be governed by and construed in accordance with English law and delivery of a Form of Tender will constitute submission to the jurisdiction of the English courts.
9. No person outside the UK receiving a copy of this document or any Form of Tender may treat the same as constituting an invitation or offer to him unless the Tender Offer is lawfully made in the relevant territory. It is the responsibility of any such person to satisfy himself as to full observance of the laws of that territory.

Future Intentions of English Trust
English Trust will place down a proportion of the Trio shares acquired pursuant to the Tender Offer, at the Tender Offer price, with investment clients, none of whom will own more than three per cent. of the issued share capital of Trio. English Trust has no present intention of making an offer for the whole of the issued share capital of Trio.

Trio Share Price
The tender price of 50p per Trio share represents a premium of 28.2 per cent. over the middle market quotation of 39p per Trio share on 12th November, 1991 (the day prior to the announcement of the Tender Offer) as derived from The London Stock Exchange Daily Official List, and a premium of 13.1 per cent. over Trio's latest published net asset value per share of 44.22p as at 27th August, 1991.

Procedure for Tendering
Forms of Tender, duly completed and together with the relative share certificate(s) and/or other documents of title, should be forwarded as soon as possible to Stentiford Close Registrars Limited at the address shown on the Form of Tender so as to arrive not later than 3.30 p.m. on Friday, 22nd November, 1991. If some but not all of the Trio shares represented by a certificate delivered with a Form of Tender are sold pursuant to the Tender Offer, the relevant shareholder(s) will be entitled to receive from Trio a certificate for the balance of the unsold Trio shares.

English Trust reserves the right (but without obligation so to do) to treat as valid any Form of Tender not accompanied by the relevant share certificate(s) but no consideration will be despatched until the relevant share certificate(s) or an indemnity satisfactory to English Trust has been received.

Notwithstanding that no share certificate is delivered in respect of it, a duly completed Form of Tender (i) executed under seal by Sepon Limited and endorsed on behalf of The London Stock Exchange to the effect that the Trio shares to which it refers are the whole or part of a holding registered in the name of Sepon Limited and/or are Trio shares of which Sepon Limited is unconditionally entitled to become the registered holder or (ii) executed by any other person(s) and endorsed on behalf of The London Stock Exchange to the effect that such person(s) is/are unconditionally entitled to become the registered holder(s) of the Trio shares to which it refers and that one or more talisman transfer(s) in respect thereof in favour of such person(s) is/are in the course of registration will be treated as valid in all respects provided that it is received by Stentiford Close Registrars Limited not later than 3.30 p.m. on 22nd November, 1991. Any duly completed Form of Tender bearing the stamp of a member of The London Stock Exchange may, at the discretion of English Trust, be treated as valid notwithstanding that no share certificate is delivered in respect of it.

Settlement

1. The result of the Tender Offer and (if applicable) the basis of scaling down tenders will be announced by 8.30 a.m. on Monday, 25th November, 1991, the first business day following the Closing Date.
2. Town clearing cheques in respect of the consideration due under the Tender Offer will be despatched by post on 6th December, 1991 or, if later, within 14 days of the receipt of the relevant share certificates.
3. If the Tender Offer does not become unconditional, Forms of Tender and share certificates and/or other documents of title will be returned by post by 6th December, 1991.
4. All documents and remittances sent by or to holders of Trio shares will be sent at their risk. No acknowledgement of receipt of tenders will be sent.

Taxation
The disposal of Trio shares pursuant to the Tender Offer will constitute a disposal of Trio shares for the purposes of UK taxation on capital gains and may give rise to a liability to taxation. Liability to UK taxation on capital gains will depend on the individual circumstances of holders of Trio shares. Any holder of Trio shares who is in any doubt as to his own tax position should consult his professional adviser.

Yours faithfully,
for and on behalf of
English Trust Company Limited

G.P.L. Addison,
Director

Notes
1. English Trust is an unlisted public company limited by shares (registered in England and Wales No. 2600378) whose registered office is at Carthusian Court, 12 Carthusian Street, London EC1M 6EB.
2. English Trust Company Limited (registered in England and Wales No. 2582230) is a member of The Securities and Futures Authority and is acting as financial adviser to English Trust, its holding company.
3. English Trust Company Limited has approved this document as an investment advertisement for the purposes of Section 57 of the Financial Services Act 1986.

Unless the context otherwise requires, expressions defined in the tender offer document dated 15th November, 1991 (the "Tender Offer document") from English Trust Company Limited bear the same meanings in this form.

Certificate held (for completion by The London Stock Exchange or the Registrars)

FORM OF TENDER

for the sale of

Ordinary Shares

in

TRIO INVESTMENT TRUST PLC

at 50p per share

ACTION TO BE TAKEN

If you wish to tender all of the Trio shares for which you enclose certificate(s) and/or other documents of title, at the tender price of 50p per share, leave Box 1 blank.
If you wish to tender less than all of your Trio shares, you should insert in Box 1 the number of Trio shares which you wish to tender.
You should then sign the form below and send it, together with your share certificate(s) and/or other document(s) of title for not less than the total number of Trio shares tendered, to Stentiford Close Registrars Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL as soon as possible but in any event so as to arrive not later than 3.30 p.m. on 22nd November, 1991.

NOTE

If you have lost any of your share certificates and/or other documents of title, you should follow the procedure in note D below. Your attention is also drawn to the additional notes below.

To: English Trust Group PLC and English Trust Company Limited

(1) I/We, the undersigned, have read the Tender Offer document issued by English Trust Company Limited offering on behalf of English Trust to acquire by way of tender 1,200,000 Trio shares. I/We hereby irrevocably tender to English Trust Company Limited on the terms set out in the Tender Offer document:

Box 1

INSERT HERE NUMBER OF TRIO SHARES YOU WISH TO TENDER

Note:
If Box 1 is left blank and this form is signed, you will be deemed to have tendered the entire holding represented by the certificate(s) and/or other documents of title enclosed with this form.

For office use only
1. Tender no.
2. Shares tendered
3. Price accepted
4. Shares accepted
5. Balance
6. Cash £
7. Cheque no.

Trio shares held by me/us or such smaller number as may result from scaling down in accordance with the provisions of the Tender Offer, at the tender price of 50p per share, for settlement in cash.

(2) I/We enclose the share certificate(s) and/or other document(s) of title in respect of not less than the number of Trio shares tendered hereby (delete if inapplicable — see note D below).

(3) My/Our execution of this form constitutes (i) my/our irrevocable acceptance of the Tender Offer, contained in and on the terms of the Tender Offer document, in respect of the number of Trio shares set out or deemed to be set out above (or such smaller number as may result from scaling down in accordance with the provisions of the Tender Offer document); (ii) an irrevocable appointment (by way of security for my/our contractual obligations hereunder) of each of English Trust and any director of English Trust Company Limited as my/our attorney to complete and execute on my/our behalf and in my/our name(s) one or more instruments of transfer in favour of English Trust of the Trio shares in respect of which I/we have accepted or are deemed to have accepted the Tender Offer (or such smaller number as may result from scaling down in accordance with the provisions of the Tender Offer document) and on my/our behalf to execute any further documents and to do any other acts as may be necessary or expedient to give effect to any such transfer; and (iii) my/our irrevocable authority and request to English Trust to send by post at my/our risk to the person or agent whose name and address is set out below or, if none is set out, to the first-named holder at his/her registered address, a cheque for the cash consideration due to me/us.

(4) Subject to the Tender Offer becoming unconditional, my/our execution of this form constitutes an irrevocable appointment (by way of security for my/our contractual obligations hereunder) of each of English Trust and any director of English Trust Company Limited as my/our attorney (i) to execute any form of proxy in respect of the number of Trio shares which are purchased by English Trust from me/us hereunder; and (ii) if a corporation, to appoint any person nominated by English Trust to attend at and to vote for me/us and on my/our behalf in such manner as he thinks fit or to abstain from voting at any general meeting of Trio (and at any adjournment of any such meeting) pending the registration of the transfer in respect of such Trio shares.

Signed as a deed by the undermentioned shareholder(s):-

PLEASE SIGN HERE

(1) Sole or First Holder:
Usual signature ....
Forename(s) and Surname ....
Address (in full) ....
Name of Witness ....
Signature of Witness ....

(2) Second Holder:
Usual signature ....
Forename(s) and Surname ....
Name of Witness ....
Signature of Witness ....

(3) Third Holder:
Usual signature ....
Forename(s) and Surname ....
Name of Witness ....
Signature of Witness ....

(4) Fourth Holder:
Usual signature ....
Forename(s) and Surname ....
Name of Witness ....
Signature of Witness ....

In the case of joint holders ALL must sign. A corporation must execute under seal or, if applicable, in accordance with Section 36A of the Companies Act 1985.

Please insert below in BLOCK CAPITALS the name and address of the person or agent to whom you wish any cheque and/or documents of title to be sent.
Name .... Address ....

NOTES REGARDING THE COMPLETION AND LODGING OF THIS FORM

The following notes should be read carefully. In order to be valid, the Form of Tender must be correctly completed in all respects and received by Stentiford Close Registrars Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL by 3.30 p.m. on 22nd November, 1991, together with the share certificate(s) and/or other document(s) of title and, where appropriate, death certificate, probate, letters of administration, marriage certificate, letter of indemnity and/or deed poll. English Trust reserves the right, but without obligation so to do, to treat as valid any Form of Tender not accompanied by the relevant share certificate(s) but no consideration will be despatched until the relevant share certificate(s) or an indemnity satisfactory to English Trust has been received.

In order to be valid this form must, except as mentioned below, be signed personally by the registered holder or, in the case of a joint holding, by ALL the registered holders, in each case in the presence of a witness who should also sign the form as witness. A body corporate must execute this form under seal, the seal being affixed and witnessed in accordance with its articles of association or other regulations or in accordance with Section 36A of the Companies Act 1985.

The following suggestions are made to avoid delay and inconvenience:–

A. If a holder is away from home (e.g. abroad or on holiday): send this form by the quickest means (e.g. air mail) to the holder for execution or, if he has executed a power of attorney, have this form signed by the attorney. In the latter case the power of attorney (or a duly certified copy, as provided in the Powers of Attorney Act 1971) must be lodged with this form for noting. No other signatures will be accepted.
B. If the sole holder has died: (i) if probate or letters of administration has/have been registered with Trio, this form must be signed by the personal representative(s) of the deceased; (ii) if probate or letters of administration has/have been granted but has/have not been registered with Trio, the personal representative(s) should sign this form and forward it to Stentiford Close Registrars Limited, at the address given below, with the share certificate(s) and with a copy of the probate or letters of administration as soon as possible.
C. If one or more of the joint holders has died: this form is valid if signed by all the surviving holders and lodged with Stentiford Close Registrars Limited, at the address given below, accompanied by the death certificate, probate or letters of administration of the deceased holder.
D. If one or all of your share certificate(s) and/or other documents of title has/have been lost or is/are not readily available: complete and lodge this form with a letter of explanation and any share certificate(s) and/or other documents of title available with Stentiford Close Registrars Limited at the address given below. At the same time you should ask Stentiford Close Registrars Limited for a letter of indemnity which should be completed by you in accordance with the instructions given. When completed, the letter of indemnity must be lodged with Stentiford Close Registrars Limited, at the address given below.
E. If your name or other particulars are shown incorrectly on the certificate:
   (i) Incorrect name
   e.g. name on certificate .... James Smith
   correct name .... James John Smythe
   Complete and lodge this form with the correct name and accompanied by a letter from your bank, stockbroker or solicitor confirming that the person described on the certificate and the person who has signed this form are one and the same;
   (ii) Incorrect address
   Write the correct address on this form;
   (iii) change of name
   Lodge your marriage certificate or the deed poll with this form for noting.

Further Forms of Tender are available from:

Stentiford Close Registrars Limited
Broseley House
Newlands Drive
Witham
Essex CM8 2UL

English Trust Company Limited
Carthusian Court
12 Carthusian Street
London EC1M 6EB

VW profits flat despite sales surge

By David Waller in Frankfurt

VOLKSWAGEN, Europe's largest car manufacturer, yesterday reported net group profits up just over 1 per cent for the nine months to the end of September. The flat result, with profits rising by just DM7m to DM628m ($385.2m), came despite an increase of DM6.23bn in sales to a total of DM56.58bn for the period.

The net profit figure concealed a sharp decline in operating profits for the third quarter. These were down by 22 per cent compared with the same three-month period last year, despite a 12.6 per cent increase in sales.

The company said this year had been one of high outlays associated with the launch of new models such as the new generation of Golf, the SEAT Toledo and the new Audi 80.

At the same time, it had sold a record number of cars – a total of over 2.3m models in the nine months – with especially high demand in the domestic market.

Carl Hahn: had forecast flat results for year

Reflecting the strength of the post-unification economy, the number of cars sold in Germany rose by 42 per cent, with revenues up 45.2 per cent to DM27.5bn. The company said this had more than compensated for the slowdown in demand from overseas, where volume fell by 12.6 per cent in the nine-month period.

The figures, boosted by a sharp rise in "other operating income", appear to bear out comments made Mr Carl Hahn, VW chairman, at the Frankfurt Motor Show earlier this year. He said then that net profits for the full year would probably be flat despite a likely 10 per cent rise in sales.

They confirm the trend shown in figures released by Daimler-Benz on Thursday, where sales in western Germany at the Mercedes-Benz car subsidiary rose by 15 per cent in the nine months.

Analysts are worried about the earnings outlook for the large car manufacturers in the light of a slowdown in domestic car sales and little chance of a full-scale recovery in export markets.

"Volkswagen seems to have reached a state of profitless prosperity," said Mr Stephen Reitman of UBS Phillips & Drew in London.

"The quarterly figures show a significant deterioration in all the important indicators of profitability, despite the increase in sales," he said.

Mr Reitman is predicting that earnings will be down by 30 per cent in the current year, to DM25 per share, against DM36 last year and DM59 in 1989.

His forecast, which assumes that earnings will be have to be adjusted downwards because of the use of provisions, is gloomier than others, who are expecting over DM30 a share for the current year. Mr Reitman is, however, not alone in predicting that next year's earnings per share will be around DM25.

Taiwan studies $2bn deal with McDonnell

By Martin Dickson in New York

TAIWAN Aerospace, a joint venture between the Taipei government and the private sector, announced yesterday it was discussing the $2bn purchase of a 40 per cent stake in the commercial aircraft business of McDonnell Douglas, the financially-stretched US aerospace group.

McDonnell Douglas has been trying to attract Asian partners to invest in its commercial aircraft business, based at Long Beach, California, and to manufacture parts for the MD-12, a new long-range, wide-bodied aircraft which it cannot afford to develop alone.

Taiwan Aerospace was set up last June by the Taipei government and local industrial groups to expand the country's fledgling aerospace industry.

McDonnell Douglas announced earlier this week that "third party investors" were considering investing $2bn in its commercial aviation business, but declined to comment on their identity. It has also been in talks with companies in Japan, Singapore, Indonesia and South Korea.

McDonnell Douglas wants to shift manufacturing of large parts of the MD-12 – such as the fuselage and wings – to cheap labour Asian markets.

Mr Danny Ke, president of Taiwan Aerospace, acknowledged that his business was "one of the potential candidates" in talks with the US company. He noted that $2bn was currently beyond the financial resources of the company, which is capitalised at around $370m.

Analysts said, however, the Taiwan government might be prepared to offer financial backing if an acceptable deal could be struck.

Mr Ke said the talks involved the possibility of Taiwan Aerospace building fuselages and wings for McDonnell Douglas.

Electrolux slides SKr27m into the red in third quarter

By Robert Taylor in Stockholm

ELECTROLUX, the world's largest white goods manufacturer, suffered a loss of SKr27m ($4.6m) in the third quarter of the year, after breaking even for the same period of 1990. Although the results were worse than the markets expected, the share price remained firm yesterday.

However, the company said it would carry out further restructuring, with job losses and plant closures. Mr Leif Johansson, chief executive and president, would not say how many jobs would go and which plants were in danger.

Profits after financial items for the first nine months of 1991 fell by 12 per cent, to SKr890m from SKr1.01bn, while sales dropped by 1 per cent to SKr59.78bn from SKr62.24bn.

Earnings per share for the first nine months were SKr4.60, compared with SKr6.60 for the same period last year. In the third quarter they were SKr2.10 a share, against SKr0.90.

Electrolux said demand in most of the group's product areas had been 'substantially lower' in 1991 than last year.

The upturn in some markets after the end of the Gulf War "slackened at the end of the second quarter" and demand continued to weaken in the third quarter in the UK, the US and the Nordic region. The German market, meanwhile, grew, but at a lower rate than earlier in the year.

The company warned that the market for its products was "expected to remain weak during the rest of 1991 and the early part of 1992. If the US and UK economies do show increased activity, the recovery will probably be weak," it said. Mr Johansson was particularly gloomy about the vital US market, where he saw no immediate improvement in household product sales.

Operating income after depreciation declined in the third quarter, to SKr386m from SKr518m last time.

In the quarter there was a 73 per cent drop in sales in the commercial services area to SKr284m, from SKr1.05bn for the same period of last year, and a 5 per cent fall in industrial product sales to SKr3.29bn from SKr3.46bn.

The core areas household appliances and commercial appliances sales rose by 9 per cent and 1 per cent in the quarter, to SKr11.80bn and SKr2.04bn respectively.

Saab Automobile trims loss to SKr574m

By Robert Taylor

SAAB Automobile, jointly owned by General Motors of the US and Saab-Scania, yesterday unveiled a reduced third-quarter loss after financial items of SKr574m ($96.3m).

The figure was a 30 per cent improvement on the SKr825m deficit it suffered in the same period of 1990, and an 18 per cent advance on the second quarter, when Saab recorded a loss of SKr699m. The company said the latest results reflected Saab's "successful effort to reduce costs".

Sales for the third quarter were flat at SKr3.01bn, compared with SKr3.1bn last time.

For the first nine months to September 30, the group incured a SKr2.28bn loss after financial items, against a SKr2.37bn deficit for the same period of 1990. Sales revenue was 6 per cent down at SKr10.45bn from SKr11.06bn.

Saab said its productivity drive had reduced the production time for a car from 85 hours at the beginning of the year to 60 hours. It had also forced down costs among its component suppliers.

The company said the 30 per cent improvement in financial performance was achieved in spite of heavy start-up costs in the last quarter, due to the launch of the Saab 9000 CS model, and the relocation of the Saab 900 final assembly operations to Trollhattan from the company's plant in Malmo.

With some aggressive marketing, Saab has made some sales inroads this year to the vital and competitive US market.

In the first 10 months, its sales there reached 22,204 cars, compared with 22,491 last time. The decline, of only 1 per cent, compares with losses in sales of between 15 and 50 per cent for its European competitors in the US. However, Saab suffered a 20 per cent sales drop last month in the US.

Lufthansa in talks on US link

By Paul Betts, Aerospace Correspondent

LUFTHANSA is seeking to finalise a large-scale commercial and marketing alliance with a US carrier by the beginning of next year.

Negotiations between the German flag carrier and several US airlines coincide with advanced partnership talks between British Airways, KLM Royal Dutch Airlines and Northwest Airlines, the US carrier 20 per cent owned by KLM.

BA and Lufthansa have been long-time rivals, each competing to be the largest airline in Europe. Lufthansa is the second largest European carrier on North Atlantic routes after BA.

Mr Adrian von Doernberg, a Lufthansa board member responsible for sales, confirmed yesterday the German airline was discussing a marketing alliance with US Air, to give Lufthansa greater access to the US domestic market. "Our idea is to have a US partner which can feed traffic into our airline from his US hubs," he said.

Lufthansa was also in partnership talks with other US carriers, he said. However, he indicated that its target was to reach an important agreement with just one US partner by early next year.

Lufthansa is not interested at this stage in investing in a cross-shareholding alliance with a US carrier. BA, however, is understood to be negotiating a form of cross-equity investment with KLM. A deal with KLM would not only enable BA to develop a new European hub in Amsterdam, but also to link it to Northwest Airlines in the US.

The talks by BA and Lufthansa reflect efforts by the two large carriers to globalise their operations and strengthen their competitive position on the North Atlantic market against the new competitive onslaught on Europe by big US carriers such as United Airlines, American Airlines and Delta Air Lines.

Lufthansa is also stepping up its campaign to change the bilateral aviation agreement between the US and Germany which, it claims, favours US carriers and does not allow Lufthansa to compete on equal terms with US airlines.

Mr von Doernberg said the German government would negotiate with Mr Samuel Skinner, the US transport secretary, next month in Washington. He said Germany was proposing a freeze on capacity growth between Germany and the US until a new bilateral agreement was drawn up to replace the 1978 aviation accord between the countries.

He said seven US airlines were flying to Germany. Delta, which has recently taken over Pan Am's German operation, now flew more flights across the Atlantic to Germany than Lufthansa.

The north Atlantic accounts for about 30 per cent of Lufthansa's annual revenues. However, Mr von Doernberg said Lufthansa, like all other airlines, was losing money on the north Atlantic.

Dutch finance group to boost unit's reserves

By Ronald van de Krol in Amsterdam

INTERNATIONALE Nederlanden (ING), the Dutch financial services group, is to buy out minority shareholders in its 59 per cent-owned Netherlands Reinsurance Group (NRG). The move is part of a Fl 613m ($330m) deal to replenish NRG's reserves against claims on the London marine insurance market.

ING said yesterday it would pay Fl 113m to minority shareholders and inject Fl 500m into NRG. The planned capital boost follows the discovery that reserves against marine insurance claims at Victory Reinsurance, acquired from Legal and General of the UK in late 1990, were inadequate. The Fl 500m would be enough to cover the shortfall.

NRG's minority shareholders, including Generali of Italy and Dutch insurers Amev and Interpolis, are expected to agree to ING's offer.

More shake-ups at Montedison

By Haig Simonian in Milan

MR GIUSEPPE Garofano, chairman of Montedison, the Italian industrial group controlled by the Ferruzzi family, yesterday forecast further restructurings and disposals. The moves will be designed to increase the weight of farming and energy activities and dilute that of the cyclical chemicals business in the company.

Mr Garofano was speaking after the unveiling of plans to reorganise Montedison's agri-industrial interests by merging its subsidiary, Eridania, with its French sugar group Beghin-Say and creating a new financial holding company.

The move, to be completed by July subject to shareholder approval, should boost Montedison's group net profits by between L70bn ($56.95m) and L80bn a year, he predicted. "We intend to sell off all our marginal activities to concentrate on industrial businesses and move away from finance."

The new deal underlines Ferruzzi's shift from the financial engineering vigorously pursued by its deposed boss, Mr Raul Gardini, towards a greater emphasis on core businesses. Shell companies, in which minority stakes could be floated, were used by Mr Gardini to raise cash for takeovers. The policy now is to improve earnings through organic growth, said Mr Garofano.

Montedison's profits from the agricultural business have been diluted because it owns only 55 per cent of Eridania, which in turn holds 60 per cent of Beghin-Say's capital. Under the new plan, Montedison's share of Beghin Say's profits should virtually double, the company forecast.

Beghin-Say will make an exclusive rights issue for Eridania, which will participate by transferring to Beghin-Say its Italian sugar business and its 30 per cent stake in Cerestar, the starch group in which Beghin-Say has the remainder.

Beghin-Say will be renamed Eridania/Beghin-Say (EBS), while Eridania, now a pure financial holding company, will be renamed Finanziaria Agroindustriale. Its biggest asset will be a stake – potentially up to 80 per cent – in EBS. Minority shareholders in Finanziaria Agroindustriale will be able to swap their shares into EBS stock at a ratio yet to be determined. Even if all minority shareholders accept, Montedison's stake in EBS will remain above 50 per cent, it said.

The EBS group, which will be quoted in Paris and Switzerland, will have six wholly-owned subsidiaries covering its international agricultural activities. A future quotation in Milan and Genova, where Eridania is based, should follow.

Mr Garofano denied the deal would damage Ferruzzi's image, which has been tarnished by its complex structure and past financial manoeuvres, in which minority shareholders have often suffered. Shareholders in Eridania would benefit as the simplification would prompt a re-evaluation of its worth on the stockmarket, he said.

Venezuela telecom sale announced

THE Venezuelan government yesterday announced the sale of 40 per cent of its state telephone utility, CANTV, for $1.88bn to a group led by GTE and AT&T of the US, write Stephen Fidler and Joe Mann.

The sale, by far the largest privatisation since the government announced plans two years ago to sell off a large number of state enterprises, values the company at $4.7bn. The price suggests the privatisation, which has to overcome domestic opposition, would be regarded as a success.

Higher interest rates hit Kumagai Gumi

By Emiko Terazono in Tokyo

HIGHER INTEREST rates and a rise in overall costs hit earnings for Kumagai Gumi and Obayashi Corp, two leading Japanese construction companies. Both reported double-digit falls in non-consolidated pre-tax profits for the first half to September.

Kumagai Gumi's pre-tax profits fell 27.1 per cent to Y15.6bn ($120.93m) on a 3.3 per cent decline in sales to Y488.1bn. The company blamed delays in construction and civil engineering works for the decline. After-tax profits fell 16.5 per cent to Y6.4bn.

The company said it was refraining from starting new overseas development projects because of the depressed property markets.

Kumagai's revenue from construction works rose 0.4 per cent to Y355.4bn, but that from civil engineering works fell 6.7 per cent to Y100bn. Real estate declined 24.5 per cent to Y32.6bn. Overall orders rose by 1.9 per cent to Y561.5bn.

The company predicted a 24.8 per cent fall in pre-tax profits to Y38bn on a 3.4 per cent fall in sales to Y1,160bn.

Obayashi Corp's pre-tax profits plunged 35.4 per cent to Y12.7bn on a 21.3 per cent rise in sales to Y633.8bn. The fall was blamed on growing non-operating payments and an increase in operating costs. After-tax profits fell 36.2 per cent to Y5.8bn.

Obayashi projects a 3.3 per cent rise in full-year pre-tax profits to Y62bn on a 16.3 per cent rise in sales to Y1,550bn.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$355.90	+1.95	$376.5	$392.25	$353.55
Silver Per troy oz	226.25p	-2.30	211.40	280.55	183.35p
Aluminium 99.7% (cash)	$1158	+5.5	$1585.5	$1570	$1099.5
Copper Grade A (cash)	£1357.5	+13.5	£1334	£1472	£1241.0
Lead(cash)	£282.75	-3	£367	£382.5	£282.75
Nickel (cash)	$7380	+70	$8637.5	$9237.5	$7380.0
Zinc SHG (cash)	$1094.5	+61	$1292.5	$1430	$990.25
Tin (cash)	$5490	-42.5	$6200	$5915	$5470
Cocoa Futures (Mar)	£779	+4	£745	£824	£596
Coffee Futures (Jan)	$594	+16	565	£813	£492
Sugar (LDP Raw)	$212.0	-10	$264.4	$293	$194
Barley Futures (Jan)	£117.85	-0.3	£116.10	£121.50	£107.75
Wheat Futures (Jan)	£122.60	+0.6	£119.65	£141.10	£111.60
Cotton Outlook A Index	63.65c	-0.6	82.60c	86.25c	62.70c
Wool (64s Super)	403p	+5	398p	421p	329p
Oil (Brent Blend)	$21.425x	-4.5	$28.925	$29.15	$16.75

Per tonne unless otherwise stated †Unquoted p-pence/kg, c-cents lb x-Jan

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.15-8.20	+.625
Brent Blend (dated)	$21.60-1.65	+0.75
Brent Blend (Jan)	$21.40-1.45	+0.65
W.T.I. (1 pm est)	$22.60-2.65	+0.55
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$241-243	+3
Gas Oil	$210-212	+8.5
Heavy Fuel Oil	$91-93	
Naphtha	$220-223	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$355.90	-0.20
Silver (per troy oz)♣	401.0c	-3.35
Platinum (per troy oz)	$356.5	
Palladium (per troy oz)	$84.25	+0.25
Copper (US Producer)	109.8	
Lead (US Producer)	37.0	
Tin (Kuala Lumpur market)	14.69r	+0.04
Tin (New York)	253.5	-2.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	102.78p	-1.04*
Sheep (dead weight)†	152.25p	17.89*
Pigs (live weight)†	87.31p	11.74*
London daily sugar (raw)	$212.0x	-3.0
London daily sugar (white)	$273.5x	-3.5
Tate and Lyle export price	£227.0	-1.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£141.5	
Wheat (US Dark Northern)	£101.0	
Rubber (Dec)♥	51.25p	-0.25
Rubber (Jan)♥	51.25p	-0.25
Rubber (KL RSS No 1 Dec)	223.5m	-0.50
Coconut oil (Philippines)§	$800.0x	-17.5
Palm Oil (Malaysian)§	$385.0u	-2.5
Copra (Philippines)§	$397.5	-10.1
Soyabeans (US)	£146.0	
Cotton "A" Index	63.65	+0.95
Wooltops (64s Super)	403p	+5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Jan t-Sep/Dec u-Jan/Mar x-Nov/Dec y-Dec/Jan z-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	187.00	187.00	187.00
Mar	183.80	180.80	183.80 178.20
May	184.00	182.00	182.90 179.60
White	**Close**	**Previous**	**High/Low**
Dec	278.8	275.5	275.0 272.5
Mar	273.8	271.0	271.4 270.0
May	273.3	270.7	272.0 269.2
Aug	277.0	274.7	275.0 273.3
Oct	253.0	250.9	252.0 249.8
Dec	251.5		248.5
Mar	251.5		250.0 248.3

Turnover: Raw 1901 (848) lots of 50 tonnes. White 1901 (1557)
Paris- White (FFr per tonne): Dec 1513.45, Mar 1543.41

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jan	21.56	21.10	21.61 21.06
Feb	21.25	20.83	21.25 20.83
Mar	20.81	20.46	20.91 20.62
Apr	20.45	20.21	20.45 20.40
Jun	20.20	19.90	20.22 20.20
Sep	19.90		19.90 19.90
IPE Index	21.07	21.46	

Turnover 16458 (32701)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Dec	210.00	201.75	210.75 204.00
Jan	209.50	201.50	210.50 204.25
Feb	202.50	198.25	204.75 199.50
Mar	195.00	189.00	197.00 192.50
Apr	187.00	183.00	187.00
May	181.25	178.00	183.50 181.25
Jun	177.00	174.50	177.00 176.00
Jul	177.00	175.75	176.50
Aug	176.00		178.00 177.75

Turnover 23499 (23448) lots of 100 tonnes

SPICES
The Jamaica pimento export board this week announced its new minimum export price at US$2,335 a tonne, c and f Rotterdam, reports Man Producten. The market remains firm. Mexico is facing difficulties in executing outstanding contracts for October and November shipment and defaults are expected. A very limited quanity of Guatemalan pimento is available in Europe at $2,300 a tonne ex-warehouse. Madagascan cinnamom is quoted at $1,200 a tonne for spot supplies and $1,050 cif for shipment. Madagascan cloves are unchanged at $1,450 cif Europe, with spot supplies at $1,700.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	741	746	749 739
Mar	779	784	788 776
May	802	808	810 801
Jul	825	830	832 826
Sep	847	853	854 844
Dec	872	879	878 872
Mar	897	904	898
Sep	946	953	946 945

Turnover: 2613 (6788) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov.14 951.05 (937.43) 10 day average for Nov.15 944.39 (943.09)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Nov	598	584	593 582
Jan	594	580	601 588
Mar	571	570	579 570

Turnover:5775 (3884) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov.14: Comp. daily 64.42 (63.99) 15 day average 63.37 (63.35)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	133.2	133.4	133.2 132.5
May	149.5	150.0	148.7

Turnover 165 (208) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	129.50		129.50
Jun	124.50	123.00	125.00 124.50

Turnover 165 (76) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Dec	1615	1575	1615 1580
Jan	1645	1617	1655 1617
Apr	1650	1623	1655 1617
BFI	1609	1624	1609

Turnover 278 (485)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Nov	119.40	119.40	119.40 119.20
Jan	122.60	122.80	122.60 122.40
Mar	126.00	126.00	126.10 125.95
May	128.90	128.90	128.90 128.90
Barley	**Close**	**Previous**	**High/Low**
Jan	117.85	118.05	
Mar	121.10	121.25	

Turnover: Wheat 782 (482), Barley 0 (123).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	102.5	100.3	102.0
Feb	105.0	104.5	104.5
Mar	107.5	108.5	107.0
Apr	109.0	107.0	106.0 107.0

Turnover:34 (82) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	137.09	134.36			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 24,872 lots
Cash	1157.5-8.5	1146-7	1166	1165-66		
3 months	1184.5-5.0	1173-3.5	1194/1178	1193-3.5	1188-89	136,589 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,242 lots
Cash	1367-8	1341.5-2.5	1361/1367	1359-60		
3 months	1331-2	1321-1.5	1331/1327	1330-30.5	1328-8.5	105,525 lots
Lead (£ per tonne)						Total daily turnover 2,784 lots
Cash	282.5-3.0	281-1.5	283.75/283	283.75-84		
3 months	293-3.5	282.5-3.0	298/293.50	294.25-4.50	292-3	14,144 lots
Nickel ($ per tonne)						Total daily turnover 3,427 lots
Cash	7375-85	7330-30	7375-85	7370-72		
3 months	7430-35	7375-80	7480/9420	7420-22	7485-90	18,968 lots
Tin ($ per tonne)						Total daily turnover 941 lots
Cash	5485-95	5500-10		5495-500		
3 months	5540-45	5555-60	5550/5545	5545-50	5545-48	5,169 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,049 lots
Cash	1093.5-5.5	1059.5-60	1109	1106-09		
3 months	1108.5-9.0	1173-3.5	1127/1063	1124-25	1108-9	36,104 lots

LME Closing £/$ rate:
SPOT: 1.7676 3 months: 1.7458 6 months: 1.7315 9 months: 1.7120

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	355.70-356.10	
Opening	355.40-355.80	
Morning fix	355.30	200.372
Afternoon fix	355.50	200.961
Day's high	355.80-356.10	
Day's low	354.90-355.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.52	6 months	4.44
2 months	4.61	12 months	4.33
3 months	4.51		

Silver fix	p/fine oz	US cts equiv
Spot	226.25	401.00
3 months	232.00	405.90
6 months	237.60	410.85
12 months	228.90	403.50

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	355.50-358.50	201.00-201.50
Maple leaf	366.50-366.50	208.50-207.00
New Sovereign	87.00-88.00	49.25-49.75

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
500	95	78	1	5
550	52	39	8	18
600	21	17	27	46
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
725	24	78	4	19
750	10	62	15	28
775	3	45	33	39

Brent Crude	Jan	Feb	Jan	Feb
2150	27	37	23	
2200	22	27		
2250	8			

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	359.5	356.0	0	0
Dec	360.1	356.7	361.0	355.7
Jan	361.8	357.2	0	0
Feb	362.9	358.4	364.0	358.3
Apr	365.4	360.8	366.2	361.1
Jun	367.9	3363.3	367.9	367.5
Aug	370.6	368.0	0	0
Oct	373.1	368.5	0	0
Dec	375.9	371.3	378.0	375.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Nov	362.7	358.5	0	0
Jan	365.4	361.2	365.5	359.5
Apr	368.0	364.0	368.0	363.0
Jul	370.8	366.8	372.0	372.0
Oct	376.8	372.8	378.0	377.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	402.1	397.3	0	0
Dec	402.7	398.0	409.0	398.5
Jan	404.3	399.6	0	0
Mar	408.7	403.9	415.0	404.0
May	412.7	407.9	418.0	409.5
Jul	416.5	411.5	421.0	412.0
Sep	420.5	415.4	416.0	416.0
Dec	426.5	421.4	431.5	423.0
Jan	428.6	420.5	0	0
Mar	432.8	427.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	106.95	107.00	107.00	106.00
Dec	106.25	106.25	106.70	105.40
Jan	106.25	105.25	105.40	105.40
Feb	104.60	104.60	104.40	104.25
Mar	104.05	104.05	104.40	103.40
Apr	103.30	103.30	0	0
May	102.55	102.55	102.70	102.25
Jun	102.05	102.05	0	0
Jul	101.55	101.55	101.50	101.30
Aug	101.10	101.10	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.32	8.24	8.30	8.12
May	8.31	8.23	8.32	8.14
Jul	8.33	8.24	8.33	8.15
Oct	8.33	8.23	8.30	8.16
Mar	8.29	8.22	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1208	1219	1224	1202
Mar	1273	1280	1288	1262
May	1304	1312	1316	1299
Jul	1343	1348	1349	1338
Sep	1368	1373	1375	1370
Dec	1404	1404	1410	1402
Mar	1430	1437	1438	1430
May	1453	1460	0	0
Jul	1473	1480	0	0
Sep	1496	1503	1506	1506

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	78.65	79.35	79.90	78.50
Mar	82.80	83.30	83.75	82.50
May	85.35	86.10	86.30	85.10
Jul	87.95	88.25	88.80	87.90
Sep	90.60	91.00	91.40	90.60
Dec	94.25	94.75	94.25	94.25
Mar	97.90	98.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	22.87	22.52	22.95	22.38
Jan	22.75	22.37	22.82	22.28
Feb	22.48	22.11	22.52	22.01
Mar	22.19	21.88	22.25	21.80
Jun	21.55	21.26	21.57	21.20
Jul	21.35	21.12	21.40	21.15
Aug	21.21	21.01	21.21	21.09

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	6770	6570	6780	6535
Jan	6825	6632	6840	6610
Feb	6695	6537	6720	6515
Mar	6390	6255	6410	6250
Apr	6085	5960	6100	5945
Jun	5720	5635	5780	5640
Sep	5630	5745	5646	5630

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	57.72	58.52	59.60	57.60
Mar	59.58	61.30	61.30	59.48
May	60.25	61.97	62.10	60.25
Jul	60.95	62.62	62.65	60.90
Oct	62.92	64.16	63.85	63.10
Dec	63.25	64.50	64.25	63.20
Mar	64.72	65.83	0	0
May	65.37	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	171.15	170.50	169.50	168.50
Jan	174.90	174.05	176.00	172.05
Mar	175.50	174.45	176.10	172.50
May	176.40	174.95	176.40	173.00
Jul	175.95	174.60	175.00	171.50
Sep	175.00	171.75	175.00	169.00
Nov	163.25	160.25	164.00	164.00
Jan	161.45	159.75	160.50	160.00
Mar	161.45	159.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov.15	Nov.14	mnth ago	yr ago
1626.7	1622.5	1639.9	1730.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov.14	Nov.13	mnth ago	yr ago
Spot	112.98	112.98	113.54	123.24
Futures	121.82	121.82	122.41	125.92

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	554/6	564/4	564/0	554/4
Jan	554/4	564/4	565/0	554/0
Mar	562/0	571/6	572/0	561/4
May	569/6	579/6	579/6	569/4
Jul	577/4	585/6	587/0	577/0
Aug	578/4	587/2	587/4	578/4
Sep	572/4	581/0	578/0	572/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	18.91	19.08	19.30	18.90
Jan	19.04	19.23	19.50	19.03
Mar	19.37	19.52	19.90	19.35
May	19.64	19.79	20.05	19.63
Jul	19.86	20.07	20.35	19.86
Aug	20.00	20.25	20.25	20.00
Sep	20.15	20.31	20.42	20.15
Oct	20.10	20.27	0	0
Dec	20.50	20.72	20.66	20.50

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	179.2	182.0	181.8	178.5
Jan	177.0	179.9	179.5	177.0
Mar	175.5	178.0	177.5	175.2
May	174.8	176.5	176.3	174.5
Jul	175.1	176.7	176.5	175.0
Aug	175.2	176.6	176.5	176.0
Sep	175.2	176.0	175.8	175.0
Oct	184.7	186.0	186.0	184.5
Dec	186.0	187.0	187.0	186.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	239/6	244/2	243/6	239/4
Mar	250/2	254/2	254/0	250/0
May	257/0	261/0	261/0	256/6
Jul	262/6	266/0	265/6	262/0
Sep	257/6	259/0	259/0	257/0
Dec	254/6	256/0	255/4	254/0
Mar	262/0	263/0	262/4	261/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	350/2	355/4	356/4	350/0
Mar	352/4	356/6	356/4	352/0
May	338/0	341/4	341/4	338/0
Jul	322/4	324/2	324/0	320/4
Sep	327/4	328/4	328/4	326/4
Dec	337/0	339/2	337/4	335/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.95	76.22	76.52	75.82
Feb	75.80	76.07	76.30	75.67
Apr	75.45	75.67	75.82	75.40
Jun	70.97	71.10	71.20	70.95
Aug	68.97	69.02	69.35	68.85
Oct	69.80	69.70	70.00	69.60
Dec	70.85	70.80	71.00	70.55

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	41.57	42.62	42.62	41.50
Feb	42.72	43.50	43.70	42.55
Apr	40.67	41.20	41.40	40.50
Jun	45.72	45.95	45.97	45.47
Jul	45.55	45.85	45.87	45.55
Aug	44.40	44.85	0	44.40
Oct	41.02	41.27	41.30	41.02
Dec	41.75	41.82	41.75	41.63

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	39.75	40.85	41.00	39.70
Mar	39.77	40.55	40.90	39.60
May	40.92	41.60	41.75	40.85
Jul	41.80	42.42	42.60	41.45
Aug	40.22	40.60	40.90	40.22

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Markka decline hits SKr

FINLAND returned to the Ecu fold yesterday, but only after the Markka was devalued 14 per cent against the European currency basket and by 12.3 per cent overall.

The sharp decline in the Markka hit other Scandinavian currencies – notably the Swedish Kroner. Before the Bank of Finland announced the new Ecu parity, the Swedish kroner rose from Thursday's close of about 3.655 to 3.665 against the D-Mark. The Swedish currency strengthened slightly after intervention from the country's central bank, which sold a sizeable chunk at a low price, to close at 3.6585.

Rumours that Sweden was looking to follow Finland's example of devaluation were discounted as premature by foreign exchange dealers.

The dollar strengthened slightly against the D-Mark – from DM1.6305 to DM1.6380 – on the back of economic figures which were just a touch better than expected by the pessimists. However, sentiment is still bearish on the US currency and trading was very thin. Dealers are still uncertain about the short-term direction of the US currency.

The D-Mark took brief support from the news out of Finland, although it also benefits from the feeling that the next move in German interest rates can only be up. All eyes are on the Bundesbank meeting on November 21 when an announcement – one way or the other – is expected. On the downside, worries over the economic crisis in the Soviet Union – which owes a hefty chunk of its debt to German banks – was holding the D-Mark back yesterday.

Within the EMS, the D-Mark continued a steady climb. However, dealers said the gains were limited by light short-covering in the dollar. In general, trading was light as dealers prepared for the weekend. The French franc and sterling vied for bottom position on the grid, with the franc eventually settling for the low. The Belgian franc neared its 2.25 per cent limit above both.

Sterling was off its lows against the D-Mark, although it was still looking vulnerable, said dealers. Chancellor Norman Lamont's comments about the ERM gave the pound only marginal support. Traders said sterling had lost ground this week despite signs that the next cut in interest rates was some way away.

There was some suggestion that the Bank of England might have stepped in on Thursday to support the pound, which this week has been edging near the limit against the peseta. Sterling firmed from DM2.8950 to DM2.8975, about 3 pfennigs above the floor within the EMS.

Some economists said the Tory divide over Europe, which appeared to be having an affect on opinion polls yesterday, could threaten to set the pound drifting again.

Lira remained weak, although the Italian authorities intervened at the fix price by selling D-Marks and Ecus.

£ IN NEW YORK

Nov.15	Latest	Previous Close
£ Spot	1.7702-1.7712	1.7760-1.7770
1 month	0.82-0.80pm	0.81-0.79pm
3 months	2.34-2.31pm	2.34-2.31pm
12 months	8.20-8.10pm	8.18-8.08pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.15	Previous
8.30 am	91.2	91.2
9.00 am	91.2	91.2
10.00 am	91.2	91.2
11.00 am	91.2	91.2
Noon	91.2	91.2
1.00 pm	91.2	91.2
2.00 pm	91.2	91.2
3.00 pm	91.2	91.3
4.00 pm	91.2	91.3

CURRENCY MOVEMENTS

Nov 15	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.2	-20.4
U.S Dollar	63.6	-15.8
Canadian Dollar	106.0	+3.3
Austrian Schilling	109.8	+12.1
Belgian Franc	111.5	-1.9
Danish Krone	108.7	+2.9
D-Mark	118.4	+25.0
Swiss Franc	108.6	+16.9
Dutch Guilder	114.4	+16.2
French Franc	102.6	-13.3
Lira	98.5	-19.9
Yen	141.1	+75.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov 14

CURRENCY RATES

Nov 15	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.778524	0.705661
U.S Dollar	5.00	1.30188	1.25163
Canadian $	8.17	1.56401	1.41497
Austrian Sch.	7.50	15.8889	14.3750
Belgian Franc	8.00	46.5003	42.0767
Danish Krone	9.50	8.77217	7.93409
D-Mark	7.50	2.25744	2.04229
Dutch Guilder	8.00	2.54376	2.30150
French Franc	10¼	7.71504	6.98285
Italian Lira	11½	1699.95	1541.38
Japanese Yen	5.00	179.092	162.549
Norway Krone	8	8.85578	8.01807
Spanish Peseta	-	141.963	128.725
Swedish Krona	10.00	N/A	7.47161
Swiss Franc	7.00	2.00234	1.80986
Greek Drach	19	N/A	231.101
Irish Punt	-	N/A	0.764681

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Nov.14

OTHER CURRENCIES

Nov 15	£	$
Argentina	17535.8 - 17563.4	9905.00 - 9915.00
Australia	2.2515 - 2.2535	1.2720 - 1.2730
Brazil	1300.70 - 1302.00	734.700 - 735.000
Finland	7.7790 - 7.8015	4.3600 - 4.4100
Greece	324.350 - 329.550	182.930 - 185.860
Hong Kong	13.7250 - 13.7380	7.7580 - 7.7600
Iran	117.00*	66.50*
Korea(Sth)	1325.05 - 1346.45	747.40 - 756.40
Kuwait	0.50700 - 0.50770	0.28555 - 0.28585
Luxembourg	59.60 - 59.70	33.70 - 33.80
Malaysia	4.8450 - 4.8530	2.7395 - 2.7415
Mexico	5417.40 - 5424.05	3060.00 - 3062.00
N.Zealand	3.1480 - 3.1535	1.7790 - 1.7815
Saudi Ar.	6.6150 - 6.6415	3.7495 - 3.7505
Singapore	2.9550 - 2.9630	1.6720 - 1.6740
S.Af (Cm)	4.9415 - 4.9500	2.7990 - 2.8000
S.Af (Fn)	5.3375 - 5.4200	3.0165 - 3.0620
Taiwan	46.00 - 46.10	25.90 - 25.95
U.A.E.	6.4775 - 6.5545	3.6715 - 3.6735

*Official rate Floating rate £-2471.0 $-1392.0

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7690	1.7609	1.7457	1.7250	1.6870
D-mark	2.8975	2.8942	2.8905	2.8857	2.8728
French Fr.	9.9075	9.8982	9.8830	9.8628	9.8163
Swiss Fr.	2.5700	2.5640	2.5545	2.5413	2.5133
Yen	229.75	228.97	227.38	225.28	220.11

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.725	-3.67	5.13	63
Belgian Franc	42.4032	42.0767	-0.77	2.06	41
D-Mark	2.05586	2.04229	-0.66	1.95	47
Dutch Guilder	2.31643	2.30150	-0.64	1.93	36
Irish Punt	0.767417	0.764681	-0.36	1.64	20
Italian Lira	1538.24	1541.38	0.20	1.07	-6
Danish Krone	7.84195	7.93409	1.17	0.10	-50
Sterling	0.696904	0.705661	1.26	0.02	-25
French Franc	6.89509	6.98285	1.27	0.00	-66

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7665 - 1.7750	1.7685 - 1.7695	0.82-0.80cpm	5.49	2.34-2.31pm	5.26
Canada	1.9955 - 2.0075	1.9995 - 2.0005	0.47-0.39cpm	2.58	1.45-1.33pm	2.78
Netherlands	3.2550 - 3.2700	3.2600 - 3.2700	¾-¼cpm	0.92	⅞-⅝pm	0.92
Belgium	59.40 - 59.75	59.60 - 59.70	8-3cpm	1.11	17-12pm	0.97
Denmark	11.2195 - 11.2650	11.2550 - 11.2650	1¼-⅜orepm	1.07	3½-2⅝pm	1.07
Ireland	1.0810 - 1.0870	1.0840 - 1.0850	0.02-0.07cdis	-0.50	0.03-0.13dis	-0.30
Germany	2.8895 - 2.9000	2.8950 - 2.9000	⅜-¼pfpm	1.29	⅞-⅝pm	1.04
Portugal	250.90 - 253.85	251.60 - 252.60	6-48cdis	-1.29	101-175dis	-2.19
Spain	181.75 - 182.70	182.15 - 182.45	28-39cdis	-2.21	97-111dis	-2.28
Italy	2178.40 - 2184.75	2183.75 - 2184.75	par-2liredis	-0.55	4-6dis	-0.92
Norway	11.3360 - 11.3805	11.3700 - 11.3800	⅝-⅛orepm	0.40	⅞-⅛pm	0.18
France	9.8750 - 9.9125	9.9025 - 9.9125	⅞-⅜cpm	0.91	2¼-2pm	0.88
Sweden	10.5620 - 10.6100	10.6000 - 10.6100	⅝-1⅞oredis	-1.20	2⅜-3¼dis	-1.04
Japan	229.25 - 230.40	229.25 - 230.25	⅞-⅝ypm	3.92	2½-2¼pm	4.13
Austria	20.32 - 20.39	20.34 - 20.37	2¼-1⅛gropm	0.99	5¼-2⅝pm	0.77
Switzerland	2.5620 - 2.5750	2.5650 - 2.5750	⅝-½cpm	2.63	1⅝-1½pm	2.33
Ecu	1.4145 - 1.4205	1.4175 - 1.4185	0.09-0.05cpm	0.59	0.17-0.12pm	0.41

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.42-4.37cpm . 12 Month 8.25-8.15pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7665 - 1.7750	1.7685 - 1.7695	0.82-0.80cpm	5.49	2.34-2.31pm	5.26
Ireland†	1.6290 - 1.6375	1.6310 - 1.6320	0.69-0.64cpm	4.89	2.03-1.93pm	4.85
Canada	1.1290 - 1.1310	1.1300 - 1.1310	0.26-0.29cdis	-2.92	0.69-0.75dis	-2.51
Netherlands	1.8305 - 1.8460	1.8445 - 1.8455	0.66-0.69cdis	-4.39	1.98-2.02dis	-4.34
Belgium	33.55 - 33.80	33.70 - 33.80	11.00-13.00cdis	-4.27	34.00-39.00dis	-4.33
Denmark	6.3330 - 6.3695	6.3625 - 6.3675	2.10-2.40oredis	-4.24	6.55-7.15dis	-4.3
Germany	1.6285 - 1.6390	1.6375 - 1.6385	0.56-0.57pfdis	-4.14	1.76-1.78dis	-4.32
Portugal	142.10 - 143.50	142.10 - 142.60	76-84cdis	-6.74	255-275dis	-7.45
Spain	102.50 - 103.15	103.00 - 103.10	63-67cdis	-7.57	190-197dis	-7.51
Italy	1227.00 - 1235.25	1234.50 - 1235.00	6.00-6.50liredis	-6.07	18.70-19.70dis	-6.22
Norway	6.3930 - 6.4325	6.4275 - 6.4325	2.60-2.90oredis	-5.13	7.95-8.45dis	-5.10
France	5.5710 - 5.6025	5.5975 - 5.6025	2.06-2.11cdis	-4.47	6.03-6.13dis	-4.34
Sweden	5.9590 - 5.9975	5.9925 - 5.9975	3.05-3.30oredis	-6.36	9.18-9.55dis	-6.22
Japan	129.70 - 130.15	129.85 - 129.95	0.15-0.16ydis	-1.43	0.37-0.38dis	-1.15
Austria	11.4650 - 11.5240	11.5190 - 11.5240	4.00-4.40grodis	-4.37	12.20-13.50dis	-4.46
Switzerland	1.4435 - 1.4535	1.4515 - 1.4525	0.32-0.34cdis	-2.73	1.03-1.07dis	-2.89
Ecu	1.2460 - 1.2530	1.2460 - 1.2470	0.52-0.48cpm	4.81	1.52-1.46pm	4.78

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½ - 10¼	10⅝ - 10⅜	10½ - 10⅜	10½ - 10⅜	10⅜ - 10¼	10⅜ - 10¼
US Dollar	5 - 4¾	4⅞ - 4⅝	4⅞ - 4¾	5⅛ - 5	5⅛ - 5	5⅝ - 5½
Can. Dollar	8¼ - 7¾	8 - 7¾	8 - 7¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾
Dutch Guilder	9½ - 9	9½ - 9	9⅜ - 9¼	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	7½ - 6¾	7⅝ - 7½	7⅞ - 7¾	8 - 8⅞	8 - 8⅞	7⅞ - 7¾
D-Mark	9 - 8¾	9 - 8¾	9⅛ - 8⅞	9⅜ - 9¼	9⅝ - 9½	9⅝ - 9½
French Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝	9⅞ - 9¾
Italian Lira	12 - 10	11⅛ - 10⅝	11⅛ - 10⅝	11½ - 11	11½ - 11	11⅝ - 11⅛
Belgian Franc	9¼ - 9⅛	9¼ - 9⅛	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½
Yen	6½ - 6¼	6⅝ - 6½	6⅝ - 6½	6⅜ - 6¼	6 - 5⅞	5¾ - 5⅝
Danish Krone	9¼ - 9⅛	9¼ - 9⅛	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½
Asian $Sing	3½ - 3⅜	3⅞ - 3¾	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅝ - 4½

Long term Eurodollars: two years 5⅞-5¾ per cent; three years 6¼-6⅛ per cent; four years 6⅝-6½ per cent; five years 7¼-7⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov 15	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.769	2.898	229.8	9.908	2.570	3.265	2184.	2.000	59.65	1.418
$	0.565	1	1.638	129.9	5.601	1.453	1.846	1235	1.131	33.72	0.802
DM	0.345	0.610	1	79.30	3.419	0.887	1.127	753.6	0.690	20.58	0.489
YEN	4.352	7.698	12.61	1000.	43.12	11.18	14.21	9504	8.703	259.6	6.171
F Fr.	1.009	1.785	2.925	231.9	10.	2.594	3.295	2204	2.019	60.20	1.431
S Fr.	0.389	0.688	1.128	89.42	3.855	1	1.270	849.8	0.778	23.21	0.552
N Fl.	0.306	0.542	0.888	70.38	3.035	0.787	1	668.9	0.613	18.27	0.434
Lira	0.458	0.810	1.327	105.2	4.537	1.177	1.495	1000.	0.916	27.31	0.649
C $	0.500	0.885	1.449	114.9	4.954	1.285	1.633	1092	1	29.83	0.709
B Fr.	1.676	2.966	4.858	385.2	16.61	4.308	5.474	3661	3.353	100.	2.377
Ecu	0.705	1.248	2.044	162.1	6.987	1.812	2.303	1540	1.410	42.07	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Dec	91.99	92.01	91.94	91.94
Mar	92.35	92.40	92.29	92.29
Jun	92.57	92.62	92.52	92.50
Sep	92.69	92.69	92.66	92.61

Estimated volume 5039 (8402)
Previous day's open int. 25465 (25234)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	2562.0	2584.0	2553.0	2585.0
Mar	2598.5	2600.0	2600.0	2621.5
Jun	2628.5			2651.5

Estimated volume 6257 (6829)
Previous day's open int. 35364 (36121)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Dec	1115.0			1120.0
Mar				

Estimated volume 0 (0)
Previous day's open int. 309 (309)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7690	1.7609	1.7457	1.7250	1.6870

MONEY MARKETS

UK rates stay firm

MONEY market dealers were not disappointed by UK interest rates yesterday. They stayed the same, despite the news of a decline in UK inflation from 4.1 per cent in September to 3.7 per cent in October.

Most economists seemed to feel that this would be the last fall for some time and the next financial information – due around Christmas – would show that inflation was back on the increase.

Short sterling – a key indicator to the level of base rates – slipped eight points to 89.35. This implies an interest rate of 10.35 per cent by the end of December – or no change in current rates.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Dealers said they were not expecting a cut before 1992, at the earliest. Sterling's weakness within the ERM and the possibility that the Bundesbank might raise the Lombard rate in the near future ruled out any possibility of a base rate cut in the UK.

"The window of opportunity for a cut in UK interest rates is small, and I, for one, can't see where it is," said one dealer. "As long as the pound is below DM2.90 it is hard to see a cut."

Dealers said the pound had tried four times this week to break out on the upside and had failed on each occasion.

News that the Ford workers in the UK had accepted a 5 per cent pay increase provided some relief for the market, as the car maker is regarded as a trend setter for national pay awards.

The Bank of England forecast a shortage in the market of £1.2bn. In early trading the Bank injected £4m at the established dealing rate of 10-⅜ per cent.

The bank became more active by the end of the day, leaving a shortfall of just £100m after a round of bill-buying. Union Discount, a leading discount house, said it expected a shortfall today of about £1.1bn.

In Germany, call money edged up as banks anticipated a tightening of market conditions from November tax payments. Call money was quoted at about Thursday's range of 8.95/9.05 per cent, but traders said more deals had taken place yesterday at or above 9 per cent than in the previous session.

"We can't exclude a rise in call rates above 9 per cent next week," said one trader.

Anxiety seemed to take hold of the German Bund market amid fears over the possibility of a second coup in the Soviet Union this winter.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.15) 3 months US dollars		6 months US Dollars	
bid 5	offer 5⅛	bid 5	offer 5⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime

Prime rate	7½	One month	4.53	Three year	5.90
Broker loan rate	7	Two month	4.65	Four year	6.00
Fed.funds	4¾	Three month	4.74	Five year	6.59
Fed.funds at intervention	-	Six month	4.83	Seven year	7.00
		One year	4.90	10-year	7.36
		Two year	5.54	30-year	7.86

Nov.15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	9.00-9.15	9.20-9.35	9.20-9.35	9.20-9.40	9.25
Paris	9⅝-9½	9⅝-9⅞	9⅝-9⅞	9⅝-9⅞	9⅝-9⅞	9.25
Zurich	6¾-7⅞	7⅝-7¾	-	7⅞-8	-	-
Amsterdam	9.18-9.25	9.20-9.25	-	9.30-9.35	-	-
Tokyo	6⅛-6⅜	6⅛-6⅜	-	6⅛-6⅜	-	-
Milan	10¾-10¼	11⅛-11⅞	-	11⅛-11⅞	-	-
Brussels	9.19-9.31	9⅜-9⅛	-	9⅛-9½	-	-
Dublin	9⅞-10⅛	10-10⅛	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	-

LONDON MONEY RATES

Nov 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11¼	10⅝	10½	10½	10⅜	10⅜
Interbank Bid	10¼	10⅜	10⅜	10⅜	10¼	10¼
Sterling CDs	-	-	10⅜	10⅜	10¼	10¼
Local Authority Deps.	10⅜	10⅜	10⅜	10⅜	10¼	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10½	10⅜	-	-	-	-
Company Deposits	-	-	10⅜	10½	10⅜	10⅜
Finance House Deposits	-	-	10⅝	10⅜	10⅜	10¼
Treasury Bills (Buy)	-	-	10¼	9⅞	9⅞	-
Bank Bills (Buy)	-	-	10⅜	10⅛	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.87	5.05	5.02	5.17
SDR Linked Dep. Offer	-	-	6⅞	6¾	6⅞	6⅞
SDR Linked Dep. Bid	-	-	6⅞	6¾	6⅞	6⅞
ECU Linked Dep. Offer	-	-	9¾	9⅞	9⅞	9⅞
ECU Linked Dep. Bid	-	-	9⅝	9⅞	9⅞	9⅞

Treasury Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10¼ per cent; three months 10⅛ per cent; Treasury Bills; Average tender rate of discount 9.9606 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31 ,1991 . Agreed rates for period Nov.26, 1991 to December 24 , 1991, Scheme I: 11.68 p.c., Schemes II & III: 11.68 p.c. Reference rate for period October 1, 1991 to October 31 , 1991, Scheme IV&V: 10.447 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from November 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 , Deposits withdrawn for cash 5 per cent.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 13 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	129,868,257	+	18,429,820
Bankers Deposits	1,689,850,416	+	28,228,290
Reserve and other Accounts	3,335,572,311	-	69,212,955
	5,169,843,984	-	22,554,845
ASSETS			
Government Securities	1,356,965,591	+	159,270,000
Advance and other Accounts	1,824,541,837	-	220,129,118
Premises Equipment & other Secs	1,981,299,646	+	40,855,368
Notes	6,837,603	-	2,533,411
Coin	199,307	-	17,674
	5,169,843,984	-	22,554,845
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,903,162,397	-	17,466,589
Notes in Banking Department	6,837,603	-	2,533,411
	15,910,000,000	-	20,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,564,833,103	-	323,991,210
Other Securities	3,334,151,797	+	303,991,210
	15,910,000,000	-	20,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr

Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0800 616162

TESSA	11.50	-	-	Yearly
Investment 90 - 90 Day Notice Savings				
£50,000+	10.75	8.10	11.01	6-Mth
£25,000-£49,999	10.50	7.90	10.81	6-Mth
£10,000-£24,999	9.50	7.10	9.71	6-Mth

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485
High Int Cheque Acc. 10.60 7.95 11.03 Qtr

NOTES– Gross. Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1985

Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br - £102¼ ½ 12¾% Gtd Ln Stk 2002(Reg) - £116⅝

Corporation and County Stocks

No of bargains included 4

Greater London Council 6¾% Stk 90/92 - £96½

Sterling Issues by Overseas Borrowers

No. of bargains included 21

Electricite de France 12½% Gtd Ln Stk 2008(Reg) - £118½ (13No91) 11¾% Gtd Ser Ln Stk 2009/12(Reg) - £112⅝ (11No91)

European Investment Bank 9% Ln Stk 2001 (Reg) - £93⅝ (13No91) 9½% Ln Stk 2009 - £95⅝ 10½% Ln Stk 2004(Reg) - £102½ (13No91)

Water

No. of bargains included 648

Anglian Water PLC 5¾% Index-Linked LnStk 2008(5.7738%) - £112⅝

Singapore Land S$5.47 (8.11)

Storer Communications SK261.3 (11.11)

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LONDON STOCK EXCHANGE

Equities fall prey to the profit-takers

By Terry Byland, UK Stock Market Editor

OPTIMISTS in the London stock market were disappointed yesterday by the October data on domestic inflation and share prices ended the week with further losses. Trading volumes in equities remained relatively light but profits were taken as speculators finally accepted that, with sterling still dull, an early cut in base rates is now unlikely.

The stock market had already lost about 12 points on the FT-SE scale before the announcement of the October retail price index. The fall to an annualised inflation rate of 3.7 per cent, leaving the UK rate still above that of Germany, disappointed those analysts who had predicted a rate of 3.5 per cent. Share prices rallied, but this was ascribed to bear closing by investors choosing not to leave share positions open over the weekend.

Account Dealing Dates		
*First Dealings:		
Oct 28	Nov 11	Nov 25
Option Declarations:		
Nov 7	Nov 21	Dec 5
Last Dealings:		
Nov 8	Nov 22	Dec 6
Account Day:		
Nov 18	Dec 2	Dec 16

*New-time dealings may take place from 8.30 am two business days earlier.

Confidence wilted as London sensed a weak opening to the new Wall Street session. By mid-afternoon, the Footsie Index was 16.8 down and the 2,550 area had been lost again. London steadied to close at 2,546.6 for a net loss of 15 points on the day.

The London stock market has followed an erratic trend this week, rising to FT-SE 2,578.3 at first as optimism ahead of the inflation announcement was quickly translated into speculation that base rates might be cut by a further half point. However, shares began to fall back later in the week as the pound slipped to the bottom of its range in the European exchange rate system. By last night, the market was showing a fall of 12.4 on the Footsie over the week.

Government bonds also gave ground yesterday, further undermining base rate speculation. Losses were extended in the second half of the session as the inflation data were scrutinised and the longer end of the gilt-edged market closed with falls of around ⅜.

The equity sector ended the day on a drab note. "The stock market has over-estimated the decline in domestic inflation," commented Mr Ian Harnett at Strauss Turnbull. However, he believes that next week's list of UK economic statistics, ranging from October's retail sales to the monthly trade figures, may brighten the picture; in particular, the Gross Domestic Product figures for the third quarter, due on Tuesday, may indicate that the recession is ending.

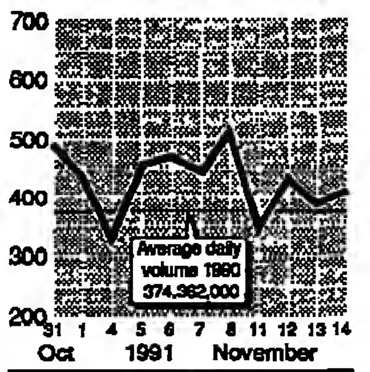
Seaq volume increased in the final hour but the day's total of 423.8m shares traded, against 462.4m on Thursday, remained moderate.

Once again, the market was highly "stock selective," with attention focusing on the oil shares and on both Wellcome and Glaxo.

● Retail volume in equities moved erratically this week but has remained relatively poor in terms of market profitability.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.90	86.98	86.92	86.96	86.87	80.45	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.54	96.57	96.56	96.57	96.55	88.45	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1946.6	1963.3	1956.4	1964.9	1972.0	1614.8	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	149.6	149.7	149.4	149.6	149.4	157.4	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2546.6	2561.6	2546.5	2575.5	2554.9	2068.0	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1161.16	1164.85	1160.29	1165.75	1156.48♦	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)

	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Year Ago
●Ord. Div. Yield	5.03	4.99	5.00	4.94	4.97	5.86
●Earning Yld %(full)	7.23	7.17	7.24	7.16	7.60	12.44
●P/E Ratio(Net)(☆)	17.41	17.56	17.36	17.56	16.60	8.73
SEAQ Bargns 4.45pm	24,917	25,430	23,972	26,518	26,049	24,265
Equity Turnover(£m)†	-	964.77	875.28	893.61	893.31	681.00
Equity Bargains†	-	24,999	23,625	26,446	25,191	23,160
Shares Traded (ml)†	-	403.5	387.0	431.2	347.5	360.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 31/12/83 & FT-SE Eurotrack 200 26/10/90. ● Nil 13.41 ♦ Partial

Ordinary Share Index, Hourly changes Day's High 1962.2 Day's Low 1947.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1961.9	1957.1	1952.8	1956.4	1956.5	1956.9	1956.2	1950.4	1946.8

FT-SE 100, Hourly changes Day's High 2560.7 Day's Low 2544.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2560.7	2554.7	2550.7	2554.7	2555.9	2555.1	2554.2	2548.9	2546.9

FT-SE Eurotrack 200, Hourly changes Day's High 1164.93 Day's Low 1159.62

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1161.76	1161.65	1162.91	1162.74	1163.95	1163.85	1161.37

GILT EDGED ACTIVITY

Indices*	Nov 14	Nov 13
Gilt Edged Bargains	93.4	86.2
5-Day average	89.6	89.6

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Late advance by oils

Reports that all licences allowing the export of oil from the Russian republic had been suspended triggered a late rally in oil shares. Earlier in the session, the sector had tracked a generally weak equity market.

The stock market's perception that such a move on Russian oil movements would have a substantial impact on the supply/demand balance boosted both crude oil prices and share prices. At Smith New Court Mr Steve Turner said "The move could remove up to 3m barrels a day of oil from the world oil market; this would obviously have a dramatic impact on oil prices as we move into the winter heating season."

Other energy specialists said a possible move by crude oil prices to $30 a barrel was by no means an outrageous assumption in the news from the Soviet Union was correct.

BP ended the day a net 2 higher at 324p with turnover reaching a good 11m, while Shell rose 4 to 506p on turnover of 4.7m.

Thorn EMI setback

Worries about the possibility of Thorn EMI launching a cash raising exercise when it announces its interim figures next Tuesday, in order to finance expansion of its music businesses, caused a steep decline in Thorn shares.

Thorn ended 24 lower at 785p, having been under pressure throughout the week. Dealers reported persistent selling of Thorn shares as well as keen switching out of the stock and into Rank Organisation, which edged higher to 648p on relatively high turnover of 545,000.

"The market is concerned that one of two funding stories could emerge next Tuesday," said one specialist. He mentioned that Thorn may decide to buy Richard Branson's 75 per cent stake in Virgin Music. Mr Branson sold a 25 per cent stake in this business to Fujisankei, the Japanese group, in 1989 for $150m (£84.7m). The other suggestion was that Thorn might buy Chrysalis Group's half share in their jointly owned record division. That could involve Thorn issuing £25m worth of shares to Chysalis. These could well be placed in the market, the stories suggested. The high values placed on the music business will be highlighted later this month when Sony Music (Japan) is floated on the Tokyo market at a value of £2bn. The stock is being floated at 64 times March 1992 earnings.

Wellcome soar

Highly favourable comment from the investment community following the announcement of Wellcome's 19 per cent earnings boost gave added impetus to the shares yesterday. The pharmaceutical group added 44 to close at 897p after being up 73 at one stage. Turnover was a hefty 3.3m shares as institutional investors scrambled for stock that was in short supply following Thursday's busy dealing.

Observers said yesterdays rise was partly prompted by talk that Wertheim Schroder, the US securities house, had predicted that Wellcome shares would rise to £10 by Christmas. Wertheim said its pharmaceutical analyst was in Europe this week and was unable to make recommendations on the stock.

Mr Jonathan de Pass of securities house BZW said US investors had not so far been strong buyers of Wellcome and if they began to show an interest fund managers were bound to want to add to their portfolios in case they were left behind. "People are waking up to the idea that there is more to the company than Retrovir (the anti-Aids drug)", said Mr de Pass. Pharmaceutical analysts have raised current year profit estimates for the group to between £475m and £500m from the previous range of between £460m and £475m.

British Gas managed a modest rise to 243p with a good 11m shares changing hands. Hoare Govett were thought to have been keen buyers of the shares. Calor responded to the cold weather in the UK, with the shares moving ahead 5 to 248p.

Enterprise, upset in mid-week by worries about the price BP received for its 6.5 per cent stake in the Nelson field, edged up 3 to 528p after the pick-up in oil prices. Strauss Turnbull, the broker, put a value of £592m on Enterprise's 47 per cent stake in the field.

Lasmo, on the other hand, were badly affected by a bearish note issued by Nomura, and closed 8 down at 300p.

Mr Alan Marshall at Nomura said Lasmo "could be in for a rough ride in coming weeks," and said Lasmo's offer for Ultramar "has so far achieved little but a tarnishing of its own reputation."

Nomura said the possibility of a third party entering the fray should not be overlooked and a cash bid from overseas might prove more appealings than Lasmo's paper. Ultramar lost 4 to 337p.

Shares in BAA jumped 17 to 454p on a report that the UK Civil Aviation Authority had revised its pricing formula to a more favourable level for the company's London airports, clearing the way for £1b investment programme.

Turnover rose to 4.2m as dealers awaited the official announcement on Monday, the same day for the release of the company's interim results.

Bid speculation returned to Dowty Group and the shares added 10 to 175p, with Smiths Industries, down a penny at 262p and TI Group, six lower at 586p, again suggested as the likely bidders.

An eventful week for Royal Insurance closed with the shares under renewed pressure and 5 off at 286p after Moody's, the US credit rating agency, issued a downgrading.

An announcement from SmithKline Beecham that it had been granted a licence to market its drug Kytril in Britain prompted selling in Glaxo, which markets Zofran, which is Kytril's competitor. Kytril is unlikely to have a significant effect on Glaxo profits but observers said Glaxo shares had been so strong that investors sought an excuse to take profits.

The announcement turned a rise of 10 into a fall by the close of 18 on heavy turnover of 7.8m. SmithKline closed a penny better at 821p.

Caution from the boardroom continued to affect Reuters which fell 17 to 903pp. The shares started the week at 969p. Mr Richard Sanderson of Panmure Gordon said some analysts had been slightly over enthusiastic before the company's international conference call to US securities houses and institutions on Tuesday evening.

Options-related business was said to be behind a fall in Courtaulds, which closed 10 down at 471p. The company is expected to announce strong profits when it reports its interim results on Wednesday.

Turnover in Lloyds Chemists was boosted by a large share placing at 308p. Mr Allen Lloyd, the company's Chairman and Chief Executive sold, 3m shares at 308p per share.

The shares were placed primarily with institutional investors by Panmure Gordon, the company's broker. The sale reduces Mr Lloyd's stake from by 13.5 per cent to 10.5 per cent.

Magazine publisher Euromoney Publications held on to the hefty gains following the announcement earlier this week of record profits. The shares closed unchanged at 528p in a somewhat weak market after a rise of 105p the previous day.

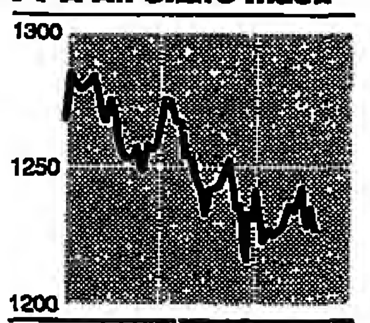
USM-listed Crown Communications, the broadcasting group, saw unusually heavy turnover as an agency cross of 4m shares was dealt at 45¼p.

Worries about the company's finances continued in Tiphook and the shares ended 17 lower at 441p. Dealers talked of bargain hunters at the lower levels.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Steve Thompson.

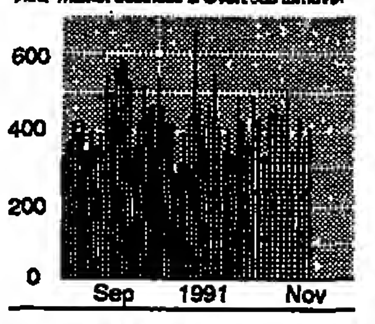
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (73).
BRITISH FUNDS (4) Treas. 2pc I-L 1992, Treas. 2pc I-L 1994, Treas. 2pc I-L 1996, Treas. 2½pc I-L 2001, AMERICANS (1) Merrill Lynch, BANKS (6) HSBC, Schroders, Do. N/V, Warburg (SG), Do. 6pc Pf., BREWERS (1) Mansfield, BUILDINGS (3) Gleeson (MJ), Manders, Smart (J), CHEMICALS (3) Blagden Inds., Halstead (J), Porvair, STORES (2) Body Shop, Hartstone, ELECTRICALS (2) Servomex, Thorpe (FW), ENGINEERING (3) Chamring, Dickie (J), Victaulic, FOODS (1) Brake Bros., INDUSTRIALS (14) Boxmore, Capita, Cornwell Parker A, Glaxo, Le Creuset, Novo, OCE 9pc Cv. 1987-92, RCO, Sinclair (Wm), Spring Ram, Swire Pacific A, Transfer Tech., Unilever, Wellcome, INSURANCE (2) Domestic & Gen., Liberty Life Assoc., LEISURE (2) LWT 3½p Pfd., Stanley Leis., MOTORS (3) Cowie (T), Kwik-Fit, Sanderson Murray Elder, NEWSPAPERS (3) Blenheim, Euromoney Publ., Portsmouth & Sunderland, PAPERS (2) Abbott Mead Vickers, Aspen Comms., PROPERTY (1) Mountview Ests., SHOES (1) FII, TEXTILES (2) Courtaulds Texts., Leeds, TRANSPORT (2) NFC Var. Vtg., Tibbett & Britten, TRUSTS (13) Abtrust Scotland, BZW Conv., Barry Starquest, Close Bros., Fleming Fledgeling, Flextech, Gen. Cons. Stepped Pf., Mercury Asset Mngmt., Murray Smaller Mkts. B, Rathbone Bros., Scot. Nat. Zero Div. Pf., Do. Stepped Pf., TR Tech. Zero Pf., WATER (1) East Surrey Water, MINES (1) Dragon Mining.

NEW LOWS (35).
BRITISH FUNDS (1) Treas. 12¾pc Ln. 1992, AMERICANS (1) Tenneco, BANKS (1) Mitsubishi Bank, BREWERS (1) Macallan-Glenlivet, BUILDINGS (7) BPB Inds., Higgs & Hill, Ibstock Johnsen warrants, Lovell (YJ), RMC, Shorco, Tarmac, CHEMICALS (1) Novalal, STORES (2) Partridge Fine Arts, Ratners 8⅞p Pf., ENGINEERING (2) Beaufort, Rolls-Royce, FOODS (1) Ashley, INDUSTRIALS (6) Crean (J) Units, Gestetner, Hawthorn Leslie, Nobo, T & N, Whitecroft, PROPERTY (3) Safeland, UK Land, Waterglade, TRUSTS (3) Gresham Hse., Sphere, Stratagem, OILS (4) Conroy Pet., Midland & Scot. Res., Trident Pet., Tusker Res., MINES (2) Ennex, Sons of Gwalia.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	5	56	21	96	139	175
Corps, Dom. & Foreign Bonds	0	8	12	17	21	62
Industrials	182	292	1,010	1,173	1,334	4,913
Financial and Props	80	118	566	520	565	2,719
Oils	15	19	56	72	108	270
Plantations	0	0	10	0	5	45
Mines	17	21	115	122	119	520
Others	22	26	114	207	232	355
Totals	321	540	1,904	2,207	2,523	9,059

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	34	408	+15
ASDA Group	1,700	45	
Abbey National	1,500	285	
Albert Fisher	341	65	+1
Allied-Lyons	2,800	610	+7
Amstrad	876	34	-1
Anglian Water	205	371	-5
Argos	246	319	-1
Argyll Group	408	277	-4
Arjo Wiggins	865	275	-3
Ass. Brit. Foods	439	455	-8
BAA	4,200	454	+17
BAT Inds.	1,100	637	-12
BET	5,600	207	-1
BICC	148	334	-4
BOC	1,000	598	-5
BPB Inds.	1,100	157	-5
BTR	1,200	386	-3
Bank of Scotland	402	120	
Barclays	2,300	400	-1
Bass	689	909	-4
Beazer	1,000	113	
Berisford Int.	0	25	
Blue Circle	782	241	-2
Booker	38	469	+2
Boots	1,500	436	+3
Bowater	21	881	
Brit. Aerospace	448	340	-1
British Airways	3,000	217	-5½
British Gas	11,000	243	+1
British Land	415	285	-2
BP	13,000	324	+2
British Steel	8,700	86½	-½
British Telecom	2,200	364	-8
Bunzl	217	89	-1
Burmah Castrol	142	541	-1
Burton	2,000	45	+½
Cable & Wire.	1,100	561	+6
Cadburys	1,400	409	-2
Calor Group	471	248	+5
Carlton Comms.	136	508	
Coats Viyella	1,200	179	-1
Comm. Union	1,000	479	-10

	Volume 000's	Closing Price	Day's change
Cookson	2,300	88	-5
Courtaulds	188	471	-10
Dalgety	215	366	-2
De La Rue	86	458	-3
Dixons	772	237	-4
ECC Group	298	480	
Eastern Elect.	271	242	
East Midland Elect.	35	247	-5
Enterprise Oil	1,900	528	+3
Eurotunnel Units	987	397	-9
FKI	1,900	52	+1
Ferranti	817	8	+¼
Fisons	1,700	417	-2
Forte	1,200	275	-2
Gen. Accident	271	483	
General Elect.	2,500	191½	+1½
Glaxo	7,800	845	-18
Glynwed Int.	118	209	-1
Granada	421	198	-1
Grand Met.	1,700	861	-2
GUS A	236	1373	-9
GRE	3,900	154	-4
GKN	1,100	320	
Guinness	1,900	825	
Hammerson "A"	98	594	-7
Hanson	11,000	203½	-4
Hanson Warrants	958	21¼	-½
Harrisons Crosfield	3,900	132	+2
Hawker Sidd.	3,800	724	-3
Hillsdown	322	197	-2
IMI	258	229	-1
ICI	1,800	1219	-9
Inchcape	371	398	-2
Kingfisher	1,000	546	-10
Ladbroke	1,000	285	+2
Land Securities	421	501	-4
Laporte	23	589	-1
Legal & General	994	384	-6
Lloyds Abbey	377	397	-4
Lloyds Bank	2,800	394	-4
LASMO	2,000	300	-8
London Elect.	87	348	-5
Lonrho	708	233	+½

	Volume 000's	Closing Price	Day's change
Lucas	405	128½	-½
MB Caradon	187	248	-2
MEPC	367	480	-5
Manweb	304	296	-2
Marks & Spencer	3,800	294	-5½
Maxwell Comms.	1,400	64	
Midland Bank	549	237	-2
Midlands Elect.	231	257	-5
NFC	513	227	+1
NatWest Bank	2,500	317	-7
National Power	2,200	146	-2
Next	1,300	64½	-½
North West Water	385	363	-8
Northern Elect.	331	261	-2
Northern Foods	186	516	
Norweb	19	288	-5
Pearson	146	780	
P & O	632	490	-6
Pilkington	491	140	-4
PowerGen	1,200	158	-2
Prudential	5,000	240	-7
RHM	2,800	251	-8
RMC	186	546	-6
RTZ	2,200	526	-12
Racal	2,000	55	+1
Rank Org.	545	648	+1
Reckitt & Colman	1,809	889	+5
Redland	446	507	-8
Reed Intl.	586	532	+3
Rentokil	120	360	-8
Reuters	998	903	-17
Rolls Royce	2,100	131	-4
Rothmans	182	1135	-1
Ryl Bk Scotland	822	178	-1
Royal Insurance	2,000	286	-5
Saatchi	8,300	13½	
Sainsbury	2,900	347	-7
Scottish & New.	750	385	+1
Scot. Hydro-Elect.	1,200	105	
Scottish Power	1,500	102	
Sears	1,600	97	-1
Sedgwick	1,200	239	-1
Seeboard	33	283	-5

	Volume 000's	Closing Price	Day's change
Severn Trent Water	[illegible]	[illegible]	[illegible]
Shell Transport	[illegible]	[illegible]	[illegible]
Siebe	[illegible]	[illegible]	[illegible]
Slough Estates	[illegible]	[illegible]	[illegible]
Smith (W.H.) A	[illegible]	[illegible]	[illegible]
Smith & Nephew	[illegible]	[illegible]	[illegible]
SmKl Beecham	[illegible]	[illegible]	[illegible]
SmKl Beech. Units	[illegible]	[illegible]	[illegible]
Smiths Inds.	[illegible]	[illegible]	[illegible]
Southern Elec.	[illegible]	[illegible]	[illegible]
South Wales Elec.	[illegible]	[illegible]	[illegible]
South West Elec.	[illegible]	[illegible]	[illegible]
South West Water	[illegible]	[illegible]	[illegible]
Southern Water	[illegible]	[illegible]	[illegible]
Standard Chartered	[illegible]	[illegible]	[illegible]
Storehouse	[illegible]	[illegible]	[illegible]
Sun Alliance	[illegible]	[illegible]	[illegible]
T&N	[illegible]	[illegible]	[illegible]
TI Group	[illegible]	[illegible]	[illegible]
TSB	[illegible]	[illegible]	[illegible]
Tarmac	[illegible]	[illegible]	[illegible]
Tate & Lyle	[illegible]	[illegible]	[illegible]
Taylor Woodrow	[illegible]	[illegible]	[illegible]
Tesco	[illegible]	[illegible]	[illegible]
Thames Water	[illegible]	[illegible]	[illegible]
Thorn EMI	[illegible]	[illegible]	[illegible]
Tomkins	[illegible]	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]	[illegible]
Ultramar	[illegible]	[illegible]	[illegible]
Unigate	[illegible]	[illegible]	[illegible]
Unilever	[illegible]	[illegible]	[illegible]
United Biscuits	[illegible]	[illegible]	[illegible]
Utd. Newspapers	[illegible]	[illegible]	[illegible]
Vodafone	[illegible]	[illegible]	[illegible]
Wellcome	[illegible]	[illegible]	[illegible]
Welsh Water	[illegible]	[illegible]	[illegible]
Wessex Water	[illegible]	[illegible]	[illegible]
Whitbread 'A'	[illegible]	[illegible]	[illegible]
Williams Hldgs.	[illegible]	[illegible]	[illegible]
Willis Corroon	[illegible]	[illegible]	[illegible]
Wimpey	[illegible]	[illegible]	[illegible]
Yorkshire Elec.	[illegible]	[illegible]	[illegible]
Yorkshire Water	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

OPTIMISM evaporated in the derivatives markets as traders focused on disappointing economic statistics and reports that the Russian Federation had suspended all oil export licences, writes Joel Kibazo.

On Liffe, the December Footsie future fell at the opening. It found support at the 2572 level but only to tumble again on the release of the latest UK inflation figures which showed a 3.7 per cent annualised rise, worse than many had predicted. Disappointing US production figures for October and a poor opening on Wall Street weakened December further.

The bad news was compounded by concern that all Russian oil export licences had been suspended and a review to protect domestic supplies had been ordered.

By the close, December stood at 2562, down 23 on the previous session, and at a discount of around four points to estimated fair value. Turnover reached over 4,000 contracts.

In traded options, volume reached 27,383, down on Thursday's levels. The Footsie contract was the busiest option with a 5,080 contracts traded. James Capel was reported to have been active. Marks and Spencer was the busiest stock option with 4,008 lots traded.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	113.7508	+0.081	9.81	9.77	9.99
BELGIUM		9.000	06/01	99.7500	-0.050	9.03	9.02	9.04
CANADA *		9.750	12/01	100.5500	+0.500	8.42	8.48	8.91
DENMARK		9.000	11/00	100.9250	-0.015	8.85	8.84	8.90
FRANCE	BTAN	8.500	11/96	98.5304	-0.060	8.87	8.87	8.85
	OAT	9.500	01/01	104.6500	-0.160	8.73	8.76	8.72
GERMANY		8.25	09/01	100.2000	-0.040	8.21	8.23	8.15
ITALY		12.000	06/01	97.3200	-0.230	12.48	12.47	12.33
JAPAN	No 119	4.800	06/99	92.8193	-0.019	6.19	6.23	6.25
	No 129	6.400	03/00	102.9969	-0.031	5.86	5.90	5.81
NETHERLANDS		8.500	03/01	98.6000	-0.090	8.72	8.73	8.70
SPAIN		11.900	07/96	99.9200	-0.510	11.86	11.81	11.45
UK GILTS		10.000	11/96	101-03	-8/32	9.72	9.63	9.78
		10.000	02/01	101-31	-8/32	9.67	9.64	9.78
		9.000	10/08	95-29	-7/32	9.49	9.48	9.55
US TREASURY *		7.875	08/01	100-29	-2/32	7.37	7.42	7.44
		8.125	08/21	101-19	-14/32	7.88	7.88	7.88

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday November 14 1991

Health & Household	+ 65.76
Textiles	+ 55.63
Packaging, Paper & Printing	+ 47.01
Merchant Banks	+ 39.29
Business Services	+ 38.78
Chemicals	+ 37.22
Stores	+ 32.47
Telephone Networks	+ 31.70
Engineering-General	+ 30.87
Consumer Group	+ 30.80
Electricals	+ 30.57
Other Industrial Materials	+ 25.94
Industrial Group	+ 24.70
Other Groups	+ 24.46
Brewers & Distillers	+ 21.90
500 Share Index	+ 21.25
Transport	+ 21.24
Investment Trusts	+ 21.14
Banks	+ 20.15
Media	+ 19.98
All-Share Index	+ 19.65
Electricity	+ 19.34
Insurance (Life)	+ 18.84
Food Manufacturing	+ 17.55
Conglomerates	+ 14.09
Electronics	+ 13.49
Hotels & Leisure	+ 12.18
Capital Goods	+ 10.87
Financial Group	+ 9.71
Motors	+ 8.55
Water	+ 7.96
Insurance Brokers	+ 7.43
Food Retailing	+ 5.06
Oil & Gas	+ 4.09
Building Materials	+ 3.65
Gold Mines Index	+ 3.17
Insurance (Composite)	- 3.12
Contracting, Construction	- 7.14
Property	- 7.70
Metals & Metal Forming	- 12.51
Engineering-Aerospace	- 13.19

COMMODITIES

WEEK IN THE MARKETS

Zinc price climbs to 5-month high

THE ZINC market continued to hold centre-stage at the London Metal Exchange this week. As the improved sentiment encouraged last week by Cominco's production cut at its Trail smelter in British Columbia was maintained the cash quotation put on another $61 to close yesterday at a five-month high of $1,094.50 a tonne.

In the absence of further fundamental news, however, traders attributed the rise chiefly to technical factors, in particular heavy short-covering by investment funds. The nearest thing to a fundamental factor was a persistent rumour of production problems at a Canadian smelter, but this remained unconfirmed.

A rally in the aluminium market was also fuelled by a persistent rumour of an impending production cut. Kaiser Aluminum of the US, the original focus of the rumour, denied that any such decision had been taken and attention has been switched to Australia's Comalco. Many traders remain sceptical, however, arguing that there seems no point in any company making such a cut keeping quiet about it, as the news would tend to increase the value of its remaining output.

Nevertheless, the rumour helped to raise the cash aluminium price from Tuesday's low of $1,132.50 a tonne to $1,158 a tonne, up $5.50 on the week. According to LME trader Rudolf Wolff buyers were also encouraged by reports that Yugoslavia's Sibenik smelter may have to buy aluminium in the open market to cover existing contracts. Production there has been affected by an earlier closure because of the civil war and further disruptions are possible. In addition, the proposed oil embargo would be bound to hit output.

The earlier fall in aluminium prices had resulted from heavy hedge selling and liquidation, which had swamped the bullish influence of news that Iceland's 210,000-tonnes-a-year Atlantal smelter project had been delayed again and would only go ahead when market conditions were more favourable.

Nickel prices also gained ground, after rallying from 20-month lows. The upturn was prompted by news of plans to cut production at the 200,000-tonnes-a-year Norilsk smelter in the Soviet Union by 10 per cent, which came after the LME close on Tuesday. Some analysts were doubtful, however, that the Norilsk cut would be implemented, in view of the country's desperate deed for hard currency. A further fillip was given by Inco of Canada, the world's biggest nickel producer, when it told analysts on Thursday that it expected a market recovery to take hold next year.

Further gains at the LME yesterday were trimmed back by profit-taking but the cash price still closed $70 up on the week at $7,380 a tonne. The selling was influenced by news that a 48-hour strike at Western Mining's Kambalda operations in Western Australia had ended and by expectations of further deliveries of Soviet material into LME warehouses.

A further fall in the lead market took prices to 4½-year lows early in the week as trade buying remained conspicuous by its absence. But a modest rally was triggered on Thursday by Billiton's announcement that low returns had caused it to halt production at the Arnhem smelter in the Netherlands, which produced 10,000 tonnes of lead a year from used car batteries. That helped to lift the cash price from its low of £278.25 a tonne to £282.75 a tonne at yesterday's close, still £3 down on the week.

The Arnhem smelter also produced an annual 4,000 tonnes of primary tin, but the news did little to lift the gloom in that market. After falling early in the week on news of a US stockpile sale and plans for production to resume at the Bom Futuro site in Brazil, halted when wildcat miners were expelled in September, the cash price lost another $15 yesterday to close $42.50 down on the week at $5,490 a tonne.

The platinum price bounced by $6.25 early in the week at the London bullion market on concern about production losses at the strike-hit Impala mines in South Africa. But the rise was mostly wiped out on Thursday after Johnson Matthey, the biggest platinum marketing company, forecast a big production surplus this year and the Impala strike ended. Impala said on Wednesday that it had lost two weeks' production, which would work out at about 40,000 troy ounces, and some analysts thought the figure could be much higher.

At the London Futures and Options Exchange robusta coffee prices touched 6-month highs yesterday as a nearby shortage of quality beans encouraged trade and roaster support. But the gains were trimmed and the January position, which reached £601 a tonne at one stage, ended at £594 a tonne, up £16 on the week.

Richard Mooney

APPOINTMENTS

Digging in for Kew

The Royal Botanic Gardens Kew Foundation has turned to the City for a new chief executive after just 18 months of its existence.

Giles Coode-Adams, a managing director of Lehman Brothers with responsibility for investment banking, is taking over after Patrick McLaughlin, the previous incumbent who had been a professional fund-raiser, departed to set up his own business in France. Coode-Adams intends to continue with his City position in addition to the Kew job.

Kew gardens, once funded solely from central government coffers, has been forced to turn to additional sources of finance as activities expanded. As well as raising admission charges steeply – from a single penny as recently as 1980 to £3 since last November – it has set up its own foundation to raise money from corporate and private sources. Kew is also responsible for the Wakehurst Place collection in Sussex.

A keen gardener who opens his own grounds to the public frequently, Coode-Adams says he expects to raise the bulk of the funds – a sum of "single millions" – in the UK. He sees companies' increasing environmental consciousness as an asset, even if surplus cash will be a bit thin in the aftermath of a recession.

There has been plenty of criticism of Kew's new admission pricing policy as well as claims that the institution has lost its way in a more fundamental sense.

One of Coode-Adams' primary tasks will be to convince potential donors of the value of Kew's extensive botanical research work, which includes a long-running project in

north-east Brazil to examine ways of countering serious desertification.

■ Meanwhile, the Council for the Protection of Rural England (CPRE) has named Fiona Reynolds as its new national director. She replaces Andrew Purkis who is switching to become public affairs secretary to the Archbishop of Canterbury.

The CPRE, set up in 1926, is an influential lobby which defends the cause of the English countryside in Brussels as well as at Westminster.

Reynolds, who is 33, joined the CPRE in 1987 as assistant director and has built up a reputation as an effective lobbyist for the "green" movement. She studied Land Economy at Cambridge, and subsequently spent eight years as secretary of the Council for National Parks.

Departures

■ Archie Norman has resigned as a non-executive director of GEEST following his move to be chief executive of ASDA. Asda is a customer and competitor of Geest.

■ Alan Curtis is retiring from the board of First Technology.

■ Clifford Leach is retiring from BRITISH TECHNOLOGY.

■ J De Yturbe has resigned as a director of GEERS GROSS.

French Connection

Boardroom ructions are continuing at French Connection, the fashion manufacturer and retailer. The company yesterday announced that Stephen Malme had been dismissed as finance director. His departure follows that of Michael Shen, chief executive, who left the company earlier this year, and who is now suing for wrongful dismissal.

John Ellis, a former finance director of the US arm of George Wimpey, the construction company, has been retained to advise the company on financial matters but he will not be joining the board.

French Connection intends to strengthen its board and announce interim profits within the next few weeks.

Shandwick

David Millham, who helped Peter Gummer found Shandwick in 1974, has been made redundant. The 53-year-old Millham and Gummer worked together at ICFC, the forerunner of 3i, before moving into public relations.

Shandwick has grown into one of the world's biggest public relations consultancies, but has sufferred a considerable turnover of senior staff.

Charles Jones, the group managing director, and corporate development chief Clive Ward, two of the four executive directors, have resigned over the last few months and Millham's departure indicates that turnover is continuing at lower levels of the organisation.

Shandwick stresses that his departure has nothing to do with the fact that its arch rival Dewe Rogerson has been called in to help with the flotation of 3i, Shandwick's first customer.

Non-executive

The following directorships have been announced:

■ Keith Tofield at PLASTIC ENGINEERS (HOLDINGS).

■ Gillian Oakes at TIE RACK.

■ Ken Hodgson, chairman of EUROPEAN BUSINESS GROUP.

■ Brian Nicholson at HOME COUNTIES NEWSPAPERS.

■ Peter Sedgwick at The EQUITABLE LIFE ASSURANCE SOCIETY.

■ David Beeston, Michael Thibouville and Ian Thomas at EMPLOYMENT CONDITIONS ABROAD.

Bodies politic

■ Roger Nolan is to become director of finance/secretary of the FREIGHT TRANSPORT ASSOCIATION on the retirement of John Morris. He moves from the Building Employers' Confederation.

■ John Bacon has been appointed chairman of the Institution of CIVIL ENGINEERING Surveyors' Council for three years.

■ Robert Dodd is appointed director of programmes for ActionAid.

■ Ruth Rooley is appointed director general of the BRITISH INSURANCE AND INVESTMENT BROKERS' ASSOCIATION on the departure of John Hackett to become chief executive of the Federation of Civil Engineering Contractors.

■ Stuart Tilley of Siemens Nixdorf has been voted chairman of the standards organisation, EuroSInet UK.

■ Fred Rodgers, a non-executive director of Balfour Beatty Power, has been elected chairman of the RAILWAY INDUSTRY ASSOCIATION.

■ Rowan Cherrington is chairman of the BRITISH CEREAL EXPORTS' ADVISORY COMMITTEE, and Bruce Grant deputy chairman.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are: [illegible] - 0001 to1100 hours; (♦) - 1[illegible] 1700 hours; [illegible] prices are set [illegible] point; a short [illegible] prices become [illegible]

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust [illegible]

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Sovereign Unit Tst Mngrs Ltd (1800)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	49.63	49.63xd	50.12	+0.01	10.6
Cnvrtbl Preference	5½	48.70	49.05	52.32	-0.05	9.19
Ethical	5½	49.58	50.53	53.75	-0.69	4.66
European Growth	5½	47.17	47.17	50.31	+0.05	2.3
Income	5½	46.50	47.00	50.13	-0.31	7.54
Intl Growth	5½	64.31	64.80	69.12	+0.09	3.29
Managed	5½	58.25	58.94	62.87	-0.28	3.52
UK Growth	5½	51.06	51.69	55.14	-0.34	5.62

Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6621

Mngd Exempt Acc	3	194.7	196.9	205.1	-0.4	3.00
Do Income	3	185.6	187.9	195.7	-0.4	3.00

Standard Life Tst Mngmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5¼	36.08	36.00	38.25	+0.1	2.47
UK Equity Gth Acc	5¼	48.17	49.07	52.14	+0.3	2.11
UK Eq High Inc Inc	5¼	31.41	32.17xd	34.19	—	5.88
UK Eq High Inc Acc	5¼	35.32	36.17	38.44	—	5.88
UK Equity Gen Acc	5¼	46.22	46.98	49.92	+0.2	3.25
UK Equity Gen Inc	5¼	36.17	36.77	39.07	+0.2	3.25
UK Larger Cos Acc F	7½	300.7	304.7	330.7	+0.8	4.47
UK Larger Cos Inc F	7½	242.1	245.4	266.3	+0.6	4.47
Gilt & Fxd Int Inc	5¼	27.66	27.73xd	29.33	+0.1	7.64
O'seas Larg Cos Acc F	7½	212.6	216.7	235.2	-0.6	2.17
Nth American Acc	5¼	34.60	34.77	36.95	—	0.76
Far East Acc	5¼	42.21	42.20	44.84	-0.4	—
European Acc	5¼	35.39	35.32	37.53	+0.2	1.53

Stewart Ivory Unit Tst Mngrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American ψ	5	287.2	287.2xd	306.4	-0.5	1.36
(Accum Units) ψ	5	358.0	358.0	380.6	-0.6	1.36
British	5	810.6	820.6	868.1	-3.1	3.97
(Accum Units)	5	1331.8	1348.2	1426.3	-5.1	3.97
European	5	314.7	314.7xd	335.1	+0.3	1.54
(Accum Units)	5	342.1	341.1	369.2	+0.3	1.54
Japan	5	113.2	113.2	120.2	-0.7	—
(Accum Units)	5	114.1	114.1	121.1	-0.7	—
New Pacific	5	171.2	171.2	182.0	-0.2	1.90
(Accum Units)	5	175.8	175.8	186.9	-0.2	1.90
PEP Nov 13	5	145.0	147.0	155.6	—	—

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & F Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.5	113.2	..	-
Pension Managed Fd	106.1	111.7	..	-
Life Deposit Fd	110.6	116.5	...	-
Pension Deposit Fd	117.3	123.5	...	-

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	169.9	178.9	...	-
UK Equity	180.2	189.7	...	-
Overseas Equity	135.8	143.0	...	-
Fixed Interest	155.8	164.0	...	-
Property	133.8	140.9	...	-
Index Linked	152.4	160.5	...	-
Deposit	163.6	172.3	...	-
With Profits (B)	134.0	141.1	...	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	355.4	374.2	-1.2	-
UK Equity	448.0	471.6	-2.3	-
Overseas Eq	341.9	359.9	-0.6	-
Americas	291.9	307.3	-0.6	-
Far East	366.9	386.3	-1.5	-
Property	194.1	204.4	+0.2	-
Fixed Int	273.3	287.7	+0.1	-
Indexed Gilt	162.0	170.6	...	-
Deposit	187.6	197.5	...	-
With Profit	104.7	110.3	+0.1	-
Pension Fund (Accum Units)				
Managed	512.6	539.6	-1.2	-
UK Equity	606.8	638.8	-3.1	-
Overseas Eq	578.2	608.7	+0.5	-
Americas	365.0	384.3	-0.4	-
Far East	601.6	633.3	-0.9	-
Property	247.7	260.8	+0.8	-
Fixed Int	339.8	357.7	+0.1	-
Indexed Gilt	176.9	186.3	+0.1	-
Deposit	265.9	279.9	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1118.6	1144.9	...	-

Prices November 1 Next dealing December 2

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	227.5	240.0	-1.0	-
UK Fixed Int Acc	187.0	197.3	+0.1	-
Intl Equities Acc	175.7	185.4	+0.6	-
UK Managed Acc	175.2	184.8	-0.4	-
Property Acc	225.7	238.1	...	-
Money Acc	133.5	140.9	+0.1	-
Special Market Acc	149.1	157.3	+0.3	-
Japan Equity Acc	100.5	106.1	-0.1	-
North American Acc	103.1	108.8	-0.1	-
Pacific Acc	94.3	99.5	+0.3	-
Technology Acc	122.5	129.3	-0.7	-
Nat Resources Acc	53.3	56.3	+0.1	-
European Acc	101.5	107.1	+0.5	-
Residential Prop Acc	94.8	100.0	...	-
Swiss Equities Acc	33.5	35.4	+0.1	-
Hong Kong Acc	69.9	73.8	+0.9	-
UK High Inc Eq Acc	73.2	77.3	-0.4	-
Int Fixed Interest Acc	61.1	64.5	+0.1	-
Int Managed Acc	56.8	59.9	+0.1	-
HIP Managed Acc	117.1	123.5	+0.6	-
HIP Managed II Acc	102.1	107.7	...	-
HIP Managed III Acc	110.2	116.2	+0.1	-
Total Investment Fund				
UK Equity Initial		154.5	-0.6	-
UK Fixed Int Initial		127.0	...	-
Intl Equities Initial		118.5	+0.4	-
UK Managed Initial		119.1	-0.2	-
Property Initial		154.4	...	-
Money Initial		91.1	...	-
Special Market Initial		115.4	+0.2	-
Japan Equity Initial		77.9	...	-
North American Initial		79.9	-0.1	-
Pacific Initial		73.0	+0.1	-
Technology Initial		94.8	-0.6	-
Nat Resources Initial		41.5	+0.1	-
European Initial		90.8	+0.4	-
Residential Prop Init		90.3	...	-
Swiss Equities Initial		32.0	+0.1	-
Hong Kong Initial		66.6	+0.8	-
UK High Inc Eq Init		69.7	-0.4	-
Int Fixed Interest Init		59.0	+0.1	-
Int Managed Init		55.0	+0.1	-
HIP Managed Init		113.5	+0.4	-
HIP Managed II Initial		100.3	...	-
HIP Managed III Init		109.4	+0.1	-
Broker Funds				
High Performance	75.4	79.5	-0.1	-
Tamerlill Mngd Fd Acc	48.9	51.5	+0.2	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (2:30 pm)

November 15	US$	+ or –
AAR Corp	13¼	–⅛
AMP Inc	53⅛	–¼
AMR Corp	60⅝	–1¼
ASA	47⅛xd	+1⅛
Abbott Labs	59⅝	–1⅛
Acme Cleveland	6⅛	–⅛
Adobe Res	7⅛	–⅛
Advanced Micro	13	–¼
Aetna Life	39	–2½
Affiliated Publ	8xd	..
Ahmanson (HF)	16xd	–⅛
Air Prod & Chemical	69	–2⅝
Alberto-Culver B	27⅞	–⅝
Albertson's	37⅝xd	+⅛
Alcan Aluminum	20⅞xd	–⅛
Alco Standard	33⅛	–⅛
Alexander & Alex	20	–⅛
Alex & Baldwin	26⅛xd	–1½
Allegheny Power	44⅞	+⅛
Allied Signal	42½xd	–½
Aluminum Co of Am	60⅞	–1½
Amax	19⅞xd	–⅛
Amdahl Corp	13⅞xd	–1⅛
Amerada Hess	54⅛	–1½
Amer Brands	41xd	–1
Amer Cyanamid	59⅝xd	–⅛
Amer El Power	31⅞xd	–⅛
Amer Express	18⅞	–2⅛
Amer Family Corp	28⅞xd	–⅝
Amer Genl Corp	41½xd	–2⅛
Amer Greetings Cl A	37⅞xd	–⅞
Amer Home Pr	75⅛xd	–2
Amer International	88⅛xd	–1⅞
Amer Natl Ins	36½xd	–⅛
Amer Stores	36⅛	–⅛
Amer T & T	38	–½

November 15	US$	+ or –
Contl Corp	25½	–⅞
Control Data	9⅞	–⅛
Cooper Inds	53⅛xd	–1⅛
Coors (Adolph)	19⅛	–⅛
Corestates Finl	45⅛	–1⅛
Corning Inc	75⅞	–1⅞
Crane	23⅞	–⅛
Cray Research	49⅞	–1½
Crown Cork & Seal	90	–⅞
Cummins Engine	49⅛xd	–½
Curtiss-Wright	32⅛xd	+⅛
Cypress Semicond	17⅞	–½
Cyprus Minerals	22⅞	–½
DSC Commun	4.87	–0.25
DQE	29½	.
Dana Corp	27xd	+⅛
Data General	15⅞	–⅞
Dayton Hudson	61⅞xd	–2
Deere	52	–⅛
Delmarva Pow & L	20⅞	–⅛
Delta Air Lines	60⅛	–⅝
Deluxe Corp	39⅞xd	+⅛
Detroit Edison	33⅞	–⅛
Dial Corp.Ariz	43	–⅞
Diebold Inc	50⅛xd	–⅛
Digital Comms	19	–⅛
Digital Equipment	62⅞	–1⅛
Dillard Dept St	128⅛	–3⅛
Disney (Walt)	110½	–1⅞
Dole Food Inc	35⅛xd	–1⅛
Dominion Res	56⅞	–⅛
Donnelley (RR)&Sons	47xd	–1⅛
Dover Corp	35⅞xd	..
Dow Chemicals	51	–½

November 15	US$	+ or –
Comm Satellite	36⅛xd	–½
Commonw Edison	41⅞	–⅛
Compaq Computer	25	–1⅛
Computer Ass Int	9⅞	–⅛
Computer Sciences	67⅞	–1⅛
Conagra	46⅛xd	–⅛
Cons Edison	25⅞xd	–⅛
Cons Freightways	13⅞	–⅛
Cons Nat Gas	44⅛	–⅛
Cons Paper	36½xd	–½
Cons Rail	78⅞	–1
Continental Air	1 62	..
Contl Bank Corp	9⅞	–⅛

November 15	US$	+ or –
Intl Multifoods	27⅞xd	–⅛
Intl Paper	73xd	–1
Interpublic	48⅞xd	–⅛
InterTAN	25⅞	–⅛
James River Va	19⅝xd	–1⅞
Jefferson Pilot	55⅞xd	–1⅞
Johnson Controls	34⅝	–⅞
Johnson & Johnson	97xd	–1⅞
K Mart	42⅞xd	–⅛

November 15	US$
Phelps Dodge	74⅞xd
Philadel Elec	23⅞xd
Philip Morris	69⅛
Phillips Pet	24⅞xd
Phillips-Van Hsn	20⅛
Pic'n'Save	22⅛
Pinnacle West Cap	13⅛
Pioneer Hi Bred	63⅛
Pitney Bowes	60⅛xd
Pittston	16⅛xd
Polaroid	27⅞xd
Policy Mgt Sys	59⅛
Potlatch Corp	36xd

INDICES

NEW YORK

DOW JONES

	Nov 14	Nov 13	Nov 12	Nov 11	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3063.51	3065.30	3054 11	3042.26	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97 84	97 69	97.92	97.86	97 92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54 99 (1/10/81)
Transport	1282.51	1275 78	1278.03	1269.43	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220 02	220 02	219 45	218.26	220 89 (16/4)	195 17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3084 97 (3075.58) Low 3037 34 (3023 70)

STANDARD AND POOR'S

	Nov 14	Nov 13	Nov 12	Nov 11	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	397 15	397.41	396 74	393 12	397.41 (13/11)	311 49 (9/1)	397 41 (13/11/91)	4.40 (1/6/32)
Industrials	468 03	468.35	467.37	462.85	472 01 (29/8)	364 90 (9/1)	472.01 (29/8/91)	3 62 (21/6/32)
Financial	32.53	32.54	32.50	32.28	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	219 22	219.37	219.00	217 07	219.37 (13/11)	170 97 (9/1)	219.37 (13/11/91)	4 46 (25/4/42)
Amex Mkt. Value	391.69	391 81	392.37	391.24	392.37 (12/11)	296 72 (14/1)	397 03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	554.84	556 17	555 68	550 71	556 17 (13/11)	355 75 (14/1)	556.17 (13/11/91)	54 87 (31/10/72)

	Nov 8	Nov 1	Oct 25	year ago (approx.)
Dow Industrial Div. Yield	3.05	3 03	3 09	4 09

	Nov 13	Nov 6	Oct 30	year ago (approx.)
S & P Industrial div. yield	2.67	2.72	2.71	3.39
S & P Indl. P/E ratio	22.04	21.19	21 37	15.47

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Glaxo	9,630,800	31½	+ 1⅛
Humana	4,766,200	23⅞	- 4
Ford Motor	2,981,900	25⅛	+ ⅛
CIGNA	2,247,100	31⅞	- 5⅛
Citicorp	2,712,500	11	- ½
Amer Express	2,601,500	19⅞	- ⅛
Total	2,537,400	25⅛	- 1
Telefonos	2,453,700	45⅝	+ ⅛
Occ Petr	2,381,200	20⅛	- 1⅛
RJR Nabisco	2,302,700	10⅛	

TRADING ACTIVITY

† Volume Millions	Nov 14	Nov 13	Nov 12
New York SE	199 980	184 080	198 600
Amex	15.391	14 761	16.666
NASDAQ	220 533	208 490	214 621
NYSE			
Issues Traded	2,155	2,150	2,162
Rises	794	768	1,097
Falls	838	840	581
Unchanged	523	542	484
New Highs	151	125	200
New Lows	19	19	11

CANADA

TORONTO

	Nov 14	Nov 13	Nov 12	Nov 11	1991 HIGH	1991 LOW
Metals & Minerals	3028.17	3108.57	3119.54	3077 99	3299 99 (18/7)	2632.06 (9/1)
Composite	3575.84	3596 92	3604 09	3579 30	3604.09 (12/11)	3161 95 (15/1)
MONTREAL Portfolio	1877 49	1900.76	1907.35	1887.57	1907.35 (12/11)	1686 89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50 Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Weak banks and insurance shares undermine Dow

Wall Street

WEAKNESS IN financial stocks and more bad economic news left share prices lower across the board in heavy trading yesterday morning, *writes Patrick Harverson in New York.*

At 1 pm the Dow Jones Industrial Average was down 21.25 at 3,042.26. The more broadly based Standard & Poor's 500 was also weaker, down 3.53 at 393.62, while the Nasdaq composite of over-the-counter stocks continued its sharp retreat from recent highs, plunging 8.71 to 546.13. Volume on the New York Stock Exchange was 113m shares by 1pm.

The latest economic news was grim. Industrial production in October was flat, the third straight month of little or no change in output. The Philadelphia Federal Reserve reported a weakening of manufacturing activity in its region, while the University of Michigan's consumer confidence index fell almost 10 per cent at the start of this month.

Bank stocks were unsettled by Thursday's vote in the Senate to place a ceiling on the interest rates that banks are allowed to charge on credit cards. Although the likelihood that the ceiling will be included in new legislation is slim, nervousness that one of the few profitable areas for banks may be damaged pushed prices lower.

Citicorp eased $¼ to $10⅞, First Chicago slipped $¾ to $25¾, Chase Manhattan lost $½ to $17¼, while MBNA, which issues and services credit cards, dropped $2 to $29¼.

Insurance stocks were also markedly weaker after Aetna Life said it had identified $1.3bn in mortgage loans that might have to be restructured or could become non-performing. After a delayed opening owing to an order imbalance on the sell side, Aetna shares fell $2⅝ to $38⅞, Cigna slumped $3½ to $55¼ and Travelers eased $⅞ to $20⅞.

Boeing dropped $2 to $46⅞ in volume of more than 1m shares, after the aircraft manufacturer said that it would cut production of its 737 airliners because of slack orders. The stock was also affected by the announcement from American Airlines that it plans to cut capital spending over the next five years. AMR, the parent of American, fell $1⅛ to $61⅞ on the news.

Gap, which had risen on Thursday on news of strong third quarter earnings and an upgrade from Standard & Poor's, the ratings agency, fell back amid profit-taking. The stock eased $1⅞ to $50⅞.

Mentor recovered $⅝ to $11¼ and Bioplasty rallied 1\frac{1}{16}$ to 6\frac{5}{16}$ after the Food and Drug Administration, which this week ruled against giving marketing approval to makers of breast implants, said that companies would be allowed to continue to sell their products until further studies were completed.

American Travellers slumped $5 to $13¾ after reporting third quarter income below analysts' estimates.

Canada

TORONTO held relatively firm at midday in spite of the sell-off in New York, the composite index easing 2.1 to 3,573.7. It was supported by strength in Canadian bonds and the Bank of Montreal's 25 basis point cut in prime rate to 8.25 per cent, the lowest level since March 1978.

Advances led declines by 227 to 198 in volume of 16.4m shares valued at C$214.2m.

Some merchandising shares continued to lose ground owing to the sluggish economy and expectations of a poor Christmas season. George Weston lost C$1¼ to C$39¼.

SOUTH AFRICA

JOHANNESBURG continued its consolidation. While the industrial index rose by one point to 4,333, golds fell by 11 to 1,069 and the overall index closed 17 lower at 3,585.

In diamonds, De Beers fell by R1 to R98.

Political unrest and interest rate outlook restrain Paris

Alice Rawsthorn explains why an improvement in corporate sentiment has not fed through to the bourse

THE SPECTRE of riot police toting guns outside the Renault plant at Cléon, of the police turning water cannon on a nurses' demonstration, and even of tear-stained celebrities filing through the funeral of Yves Montand, the French film star who died last weekend, have done little to calm the political climate in pre-electionary France.

In spite of all the turbulence on the political front, the Paris stock market has been stable for the past month or so, encouraging the French government to plough ahead with its partial privatisation programme. On Thursday, it announced the sale of FFr2bn ($360m) worth of shares in Elf Aquitaine, the oil group.

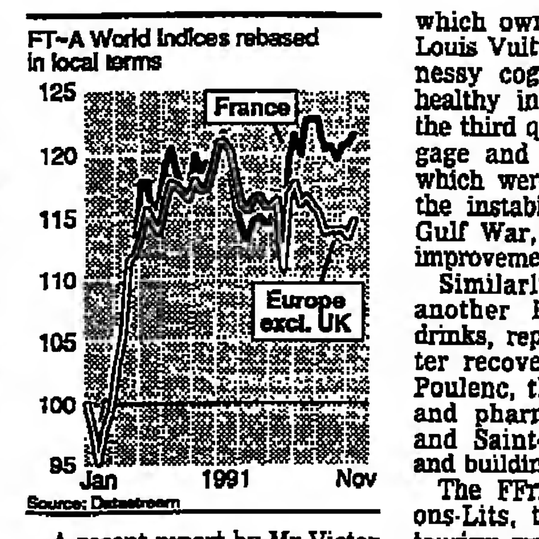
However, the febrile political environment is one factor that has prevented the bourse from continuing its early autumn rally into the closing months of the year. The CAC 40 index has remained stubbornly sluggish since September, ending yesterday 5.33 lower at 1,863.20, below its 1991 high of 1,887.29 set on October 1. In spite of last month's cut in interest rates and a series of reassuring third quarter results, the consensus among analysts is that there is unlikely to be any real recovery at least until early next year.

"October is always 'strike and demonstration' month in France, but this year's disturbances have had an extra twist because of the forthcoming elections," says Mr David Harrington, French market analyst for DLP-James Capel in Paris. "The long-term outlook for the French market is very, very positive. But in the short term nothing is likely to change, unless the unexpected happens, and there is a cut in interest rates."

The outlook for interest rates is the overriding issue for the French bourse. The Banque de France signalled a quarter-point cut in leading rates in mid-October, but the reduction was not sufficient to restimulate the stock market. Even the most optimistic economists see no reason for a further cut before the end of the year.

Last week there was even speculation that rates would have to rise again. Those fears seem to be unfounded. But most forecasters suspect that the prospects for French interest rates will be determined less by the Banque de France or the French government, than by whether the Bundesbank decides to cut German rates.

FT-A World Indices rebased in local terms



Source: Datastream

A recent report by Mr Victor Ramon-Fernandes, economic analyst at J.P. Morgan in Paris, suggests that there is no real likelihood of an economic recovery in France until the Bundesbank acts, "an unlikely scenario before the middle of next year".

None the less all the signs suggest that the underlying trends in the French economy are improving. After a string of lacklustre half-year results, the first of the third quarter figures suggest that many companies are already on the road to recovery.

Last week, LVMH, the powerful luxury goods group which owns everything from Louis Vuitton luggage to Hennessy cognac, announced a healthy increase in sales for the third quarter. LVMH's luggage and perfume interests, which were badly affected by the instability caused by the Gulf War, showed a marked improvement.

Similarly Pernod Ricard, another leading player in drinks, reported a third quarter recovery, as did Rhône-Poulenc, the giant chemicals and pharmaceuticals group, and Saint-Gobain, the glass and building products concern.

The FFr2.2bn bid for Wagons-Lits, the Franco-Belgian tourism group, by Société Générale de Belgique and Accor, the French hotels concern, has also helped to enliven the corporate scene.

At the same time the government's firm handling of the Renault stoppage – by sending in a mediator to settle the dispute and then announcing that it was considering ways of encouraging German-style worker participation in state-owned companies to reduce the risk of future strikes – has allayed fears that wage settlements might spiral, thereby rekindling inflation.

All in all, the mood of the French corporate scene seems more sanguine than in the first half of the year. So far, this has yet to feed through to the overall stock market. Rhône-Poulenc and Saint-Gobain both saw their share prices recover on the announcement of their results, as did Elf Aquitaine on the news of its share sale, but the market remains stagnant and the volume of trading depressed.

Most analysts suspect that the situation will improve next year. The latest analysis from Crédit Lyonnais suggests that growth in gross domestic product, which has been restricted to around 1.4 per cent this year, should reach an annual average of 2.4 per cent in 1992.

This will partly reflect the improvement in the international environment as France's trading partners, notably the US and the UK, pull out of recession. It will also echo the expected increase in French exports, on which the government of Prime Minister Edith Cresson is pinning its hopes of revitalising the economy. Crédit Lyonnais anticipates growth in export volume of 5.3 per cent next year, compared with 3.1 per cent in 1991.

By contrast, the domestic picture is likely to be slightly more sluggish. The weak demand for consumer credit is currently one of the main drags on the economy. Crédit Lyonnais forecasts only a modest increase in consumer spending to 2.2 per cent in 1992, against 1991's 1.6 per cent.

The outlook on the corporate front is more promising. Demand for commercial credit, although rising at a slower rate than in 1990, has not suffered as much as that for consumer credit. Crédit Lyonnais expects a recovery in corporate investment, which has fallen by 1 per cent this year, with a 3 per cent increase in 1992 contributing to a return to growth in manufacturing output.

This should ensure that the stock market recovers its confidence in the early months of 1992. A recent report from Banque Indosuez points to the "considerable upside potential" in the French market, given that its estimated price/earnings ratio of 10.6 times is lower than the forecasts for 1992 profits growth of 12 per cent.

"There is no sign of sentiment changing in the short term," says James Capel's Mr Harrington. "But by the second or third quarter of next year things should look much brighter and the French market will have started to move."

EUROPE

Finnish move puts two-way pressure on Nordic bourses

NORDIC BOURSES reacted yesterday to Thursday's currency move by Finland, *writes Our Markets Staff.*

HELSINKI's turnover rose to its highest level this year at FM74m, as the Hex index jumped 6.3 per cent to 860.14, up 4.6 per cent on the week, after the effective 12.3 per cent devaluation of the markka.

The forestry sector rose 10.2 per cent, with free shares in its largest constituent, Kymmene, closing 12 per cent higher at FM72.9, up FM7.9.

STOCKHOLM fell in heavy trade on Thursday's disappointing earnings from Ericsson, and a sharp increase in interest rates spurred by the Finnish currency move. The Affärsvärlden General index fell 6.6 to 974.0, down 2.7 per cent on the week, in turnover of SKr451m.

Ericsson Bs dropped another SKr8 to SKr115, a low for the year and 30 per cent down in the past month. Electrolux Bs fell after the company reported a third quarter loss, but closed SKr6 higher at SKr234.

OSLO dropped 1.6 per cent on the day and 3.9 per cent on the week with the all-share index 7.06 lower at 439.61. Den norske Bank, Norway's biggest bank, said it might need new preference capital; its A shares fell NKr2 to NKr14.50.

MILAN's Comit index closed unchanged at 516.35, up 1.3 per cent on the week, but there was some excitement.

Following Thursday's Ferruzzi group announcement of the injection of Eridiania's assets into the French Béghin-Say, Eridiania rose L70 to L7,600. The operation also sparked interest in Montedison, which holds the group's agro-industrial and chemical interests, as well as in Ferruzzi Finanziaria. Montedison rose L17 to L1,229 in the session, and Ferfin by L51 to L1,815, mostly in the after-market.

FRANKFURT ended slightly higher after short-covering linked to yesterday's expiry of DTB options. The DAX index ended 8.41 higher at 1,629.37 after a 4.22 rise to 663.16 in the FAZ. Gains on the week were 1.2 and 1.4 per cent.

Volume rose from DM5bn to DM5.2bn. The DTB factor explained the DM38 rise to DM2,148 in Allianz. In engineering MAN rose DM6.50 to DM372.50 on a Degab recommendation and Daimler by DM9.50 to DM724.

MADRID was not cheered by a series of corporate results from companies such as Telefónica and Iberdrola. The general index added only 0.22 to 249.75, for a loss on the week of 3.1 per cent. Turnover eased to about Pta13bn from Pta17bn.

Among stocks moving on nine-month results, El Aguila, the brewer, jumped Pta70 or 6.1 per cent to Pta1,210 in heavy volume of 234,251 shares, after reporting a smaller-than-expected loss. Viscofan, the food processing company, gained Pta55 to Pta2,235 on its profits news.

FT-SE Eurotrack 100 - Nov 15

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1108.86	1108.82	1109.34	1110.00	1110.98	1110.82	1109.80	1109.27

Day's High 1111.33 Day's Low 1108.44

Nov 14	Nov 13	Nov 12	Nov 11	Nov 8
1109.78	1104.90	1106.72	1100.31	1102.71

Base value 1000 (26/10/90)

PARIS was again dominated by activity in the oil sector and a few other blue chips. Turnover was about FFr2.6bn after Thursday's heavy FFr3bn.

Interest in Elf and Total again spilled into other oil stocks. Esso rose FFr19 or 3 per cent to FFr664 and BP France FFr4.50 or 3.4 per cent to FFr138.50. Valéo, the car parts maker, jumped FFr30 or 5.2 per cent to FFr602 on rumours that Cerus was raising its stake.

AMSTERDAM concentrated on yesterday's options expiry, which kept turnover high at Fl 709m. The CBS Tendency index rose 0.2 to 92.6, a rise of 2.7 per cent on the week.

ING gained 60 cents to Fl 48.70. The insurance and banking group said it would not make a provision for the planned purchase of the minority in NRG. PolyGram eased 60 cents to Fl 42 after MCA filed a lawsuit on Thursday.

ZURICH suffered late profit-taking, set off by Wall Street's lower opening. The Crédit Suisse index fell 5.1 to 492.8, 1.9 per cent down on the week.

ISTANBUL leapt 6.8 per cent on hopes of an interest rate cut after the formation of a new coalition government, expected next week. The 75-share index gained 198.71 to 3,137.93, up 15.5 per cent on the week.

ASIA PACIFIC

Lower earnings deter foreign investors

Tokyo

SHARE PRICES moved slightly lower yesterday in uninspired trading, as the spate of lower earnings announcements depressed sentiment, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed down 77.36 at 24,099.18, for a fall on the week of 1.6 per cent, after a high of 24,244.50 and a low of 23,993.29. The index had opened slightly firmer, but fell below the 24,000 support level in the afternoon.

Volume remained depressed at 280m shares, although up from Thursday's 230m. Ms Caroline Stone at Barclays de Zoete Wedd said that investors were becoming less interested. "Foreigners, discouraged by the weak business results, are moving to take their money out," she added.

Declines outnumbered advances by 694 to 281, with 145 issues unchanged. The Topix index of all first section stocks fell 10.49 to 1,812.17 and, in London trading, the ISE/Nikkei 50 index slipped 0.05 to 1,354.04.

Foreign investors were seen unloading high-technology shares. Sony renewed its low for the year, down Y110 at Y4,790, TDK fell Y220 to Y4,770 and Pioneer retreated Y190 to Y3,120. Foreigners were also seen buying regional bank shares as the smaller banks are thought to be unaffected by the spate of financial scandals.

Speculative stocks were popular in short-term trading by dealers and individual investors. Toyo Ink, the most active issue of the day, rose Y69 to Y790 and Kurabo Industries retreated Y20 to Y980.

Interest rate-sensitive large-capital issues were lower on disappointment that the central bank, which lowered the official discount rate on Thursday, had failed to lower it by more than 50 basis points. Nippon Steel fell Y9 to Y378 and Mitsubishi Heavy Industries lost Y7 to Y704.

In Osaka, the OSE average closed down 224.11 at 26,009.23 in volume of 25.2m shares. High-technology shares were sold on concern about earnings. Mori Seiki, the machine tool maker, fell Y30 to Y2,400 on prospects of weak earnings for the current year.

Nintendo, the video game company, fell Y100 to Y12,500. The company remains bullish about sales of its new video game for the current year, but investors are increasingly cautious about the company's high export ratio. "The company's exposure to overseas markets makes it vulnerable to currency movements and the sluggish economy in the US," said Mr Barry Dargan at James Capel.

Roundup

RENEWED enthusiasm in Hong Kong and speculation in Taiwan stood out among the profit-taking yesterday.

HONG KONG hit another record high after two days of profit-taking. The Hang Seng index climbed 60.02 to 4,271.34, 0.8 per cent per cent up on the week, as turnover rose from HK$1.71bn to HK$2.04bn.

Gains were led by a 6 per cent jump in Jardine Matheson, up HK$2.25 to HK$38.75 on unconfirmed rumours that it had resolved its dispute with local regulators over listing rules, and had agreed to keep its local listing.

TAIWAN's weighted index rose 19.64 to 4511.36, 1.6 per cent higher on the week, as investors anticipated an interest rate cut by the central bank. Turnover rose sharply from T$15.5bn to T$24.6bn and the big winners tended to be speculative situations.

AUSTRALIA firmed slightly, the All Ordinaries index closing 6.4 higher at 1,676.9, down 1.1 per cent on a week of profit-taking after a long-awaited easing of monetary policy. NEW ZEALAND saw a third consecutive fall in the heavyweight blue chip, Telecom, which lost 7 cents to NZ$2.51 in 5.6m shares as the NZSE-40 index fell 10.01 to 1,529.27, down 1.7 per cent on the week.

SINGAPORE's Straits Times Industrial index fell 10.76 to 1,464.53, 0.7 per cent lower on the week. KUALA LUMPUR took more profits and the composite index fell 7.47 to 545.74, still 1.8 per cent higher on a week mostly spent drifting back from a 3.4 per cent rally on Monday.

SEOUL extended its correction as the composite index closed 5.51 lower at 667.84, down 2.1 per cent on the week. MANILA took profits. The composite index eased 4.20 to 1,132.27, a rise on the week of 4.8 per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99⅞	96¾	Treas. 8pc 1991	99⅞xd	.....	8.02	10.12
101⅞	100⅞	Treas 12¾pc 1992‡‡	100⅞	–⅛	12.71	10.24
100⅛	97⅞	Treas 10pc 1992	99⅞	.....	10.01	10.09
134⅞	125⅞	Treas. 2pc IL 1992‡‡	134⅞	+⅛	2.04	7.98
99⅛	95⅞	Treas. 8pc 1992‡‡	99⅛	.....	8.07	9.99
100⅞	98⅛	Treas 10¼pc Cv 1992‡‡	100⅛	.....	10.47	10.08
97⅞	91⅛	Treas. 3pc 1992	97⅞xd	.....	3.08	7.98
102⅞	100⅛	Exch. 12¼pc '92	101⅞	–⅛	12.05	9.91
104¼	102⅞	Exch 13½pc 1992	102⅞	–⅛	13.12	9.83
98⅛	94	Treas 8¼pc 1993	98⅛	.....	8.39	9.67
100¼	97⅞	Treas 10pc 1993‡‡	100⅛	–⅛	9.96	9.66
104⅛	102⅛	Treas 12½pc 1993‡‡	104⅛	–⅛	12.01	9.74
95⅛	89⅝	Funding 6pc 1993‡‡	95⅛	+⅛	6.30	8.84
108⅛	105⅛	Treas 13¾pc 1993‡‡	107½xd	–⅛	12.84	9.75
97⅞	92⅞	Treas. 8½pc 1994	97⅛	–⅛	8.71	9.69
111⅛	108⅛	Treas 14½pc 1994‡‡	109⅛	–⅛	13.23	9.73
109	105⅞	Exch 13½pc 1994	107⅞	–⅛	12.51	9.76
101⅛	96⅞	Treas. 10pc Ln. 1994‡‡	100¼xd	–⅛	9.93	9.70
107⅛	103¼	Exch. 12½pc 1994	106⅛	–⅛	11.74	9.78
98⅞	93¼	Treas 9pc 1994‡‡	98⅛	–⅛	9.15	9.68
106⅞	102⅛	Treas 12pc 1995	105⅞	–⅛	11.33	9.76
89	82¼	Exch 3pc Gas 90-95	89	.....	3.37	6.61
102⅛	96⅞	Exch. 10¼pc 1995	101⅛	–⅛	10.09	9.73
110⅞	105⅛	Treas 12¾pc 1995‡‡	109¾	–⅛	11.63	9.78
114⅛	109⅞	Treas. 14pc '96	113⅞	–⅛	12.34	9.96
99¼	92⅞	Treas. 9pc 1992-96‡‡	99⅛	–⅛	9.09	9.28
119⅞	115⅞	Treas 15¼pc 1996‡‡	118⅞	–⅛	12.85	9.96
112⅞	108	Exch 13¼pc 1996‡‡	111⅞	–⅛	11.84	9.90
		Five to Fifteen Years				
101⅞	95⅞	Conversion 10pc 1996	101¼	–⅛	9.89	9.71
101⅞	97¼	Do. 10pc 1996 B	100⅞		10.11	9.71
114⅞	108⅞	Treas 13¼pc 1997‡‡	113⅞	–⅛	11.71	9.91
103⅞	97⅞	Exch 10½pc 1997	102⅞	–⅛	10.20	9.75
96⅞	89⅞	Treas 8¾pc 1997‡‡	96	–⅛	9.11	9.67
123⅞	117	Exch 15pc 1997	121⅞	–¼	12.30	10.00
100⅞	93⅞	Exch. 9¾pc 1998	100⅞	–¼	9.74	9.73
88⅞	80⅛	Treas 6¾pc 1995-98‡‡	88⅞	–⅛	7.62	9.14
128¼	121¼	Treas. 15½pc '98‡‡	127⅛	–⅛	12.18	9.88
111⅞	104¼	Exch. 12pc 1998	110⅞	–⅛	10.83	9.83
100⅞	92⅞	Treas 9½pc 1999‡‡	99⅞	–⅛	9.54	9.57
113⅛	105⅞	Exch. 12¼pc 1999	112⅞	–⅛	10.89	9.83
104⅞	97⅞	Treas. 10½pc 1999	104⅛	–⅛	10.09	9.72
103⅛	95⅞	Conversion 10¼pc 1999	102⅞	–⅛	9.97	9.72
97⅞	89⅛	Conversion 9pc 2000‡‡	97	–⅛	9.28	9.52
118⅞	110½	Treas. 13pc 2000	117⅛	–⅛	11.05	9.90
103⅞	94⅞	Treas 10pc 2001	102⅛	–⅛	9.80	9.64
119⅞	113⅞	Treas. 14pc '98-01	118⅞	–⅛	11.77	9.98
101⅞	92⅞	Treas 9¾pc 2002	100⅛	–⅛	9.68	9.62
104⅛	94⅞	Treas 10pc 2003	102⅞	–⅛	9.76	9.65

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
111	102	Treas. 11¾pc 2001-04	109⅞xd	–⅛	10.47	9.85
62⅛	53⅞	Funding 3½pc '99-04	61	–⅛	5.74	8.61
100⅞	90⅞	Conversion 9½pc 2004	98⅞	–⅛	9.61	9.64
60⅛	57⅞	Cv 9½pc 2004 A (£60pd)	59⅞	.....	9.57	9.65
100⅞	90⅞	Conversion 9½pc 2005	98⅞	–⅛	9.60	9.63
121⅞	111	Treas. 12¾pc 2003-05	119⅞xd	–⅛	10.45	9.69
88⅞	79⅞	Treas. 8pc 2002-06‡‡	87¼	–⅛	9.17	9.49
		Over Fifteen Years				
115⅞	105⅞	Treas. 11¾pc 2003-07	113⅞	–⅛	10.33	9.69
93⅛	84⅞	Treas 8½pc 2007‡‡	91⅞	–⅛	9.28	9.54
129⅛	118⅞	Treas. 13½pc '04-08	127¼	–⅛	10.62	9.68
98	88⅞	Treas. 9pc 2008‡‡	95⅞	–⅛	9.39	9.49
89⅛	80	Treas 8pc 2009	87¼	–⅛	9.17	9.49
97⅞	88⅛	Conv 9pc Ln 2011‡‡	95⅞	–⅛	9.41	9.49
98⅛	91⅞	Cnv. 9pc 2011 A	95⅞	–⅛	9.51	9.55
66	58⅞	Treas. 5½pc 2008-12‡‡	64⅞	–⅛	8.54	9.43
85⅞	76⅞	Treas. 7¾pc 2012-15‡‡	83⅞	–⅛	9.26	9.48
125¼	113⅛	Exch. 12pc '13-'17	122⅞xd	–⅛	9.76	9.49
		Undated				
41¼	37⅞	Consols 4pc	40¼	–⅛	9.82	–
37⅜	33⅞	War Loan 3½pc‡‡	36⅞xd	–⅛	9.57	–
60⅞	57¼	Conv. 3½pc '61 Aft.	59⅞	.....	5.84	–
30⅞	28¼	Treas. 3pc '66 Aft.	30⅛xd	.....	9.98	–
26⅛	23⅞	Consols 2½pc	25⅛xd	.....	9.78	–
26⅛	23⅞	Treas. 2½pc	25⅛	.....	9.88	–
		Index-Linked				
		(b)			(1)	(2)
123⅞	115⅞	Treas. 2pc '94 (102.9)	123⅞	+⅛	2.46	3.44
177⅞	168⅞	Do. 2pc '96 (67.9)	177⅞	+⅛	3.37	3.89
145⅞	137⅞	Do 2½pc '01 (78.3)	145⅞	+⅛	3.89	4.17
140⅞	133	Do. 2½pc '03 (78.8)	140⅞	.....	3.97	4.22
143	135	Do. 2pc '06 (69.5)	142⅞	.....	4.06	4.25
130⅞	124⅞	Do. 2½pc '09 (78.8)	130¼	.....	4.08	4.26
135	128⅞	Do. 2½pc '11 (74.6)	134⅞	.....	4.09	4.25
111⅞	105⅞	Do. 2½pc '13 (89.2)	110⅞	.....	4.10	4.25
118⅞	113⅞	Do. 2½pc '16 (81.6)	118⅞	.....	4.09	4.24
113⅞	109⅞	Do. 2½pc '20 (83.0)	113¼xd	.....	4.10	4.22
95⅞	91¼	Do. 2½pc '24‡‡ (97.7)	93⅞	.....	4.08	4.20

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for March 1991: 131.4 and for October1991: 135.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
107⅞	95⅞	African Dv Bk 11¼ Ln 2010	106	–⅛	10.49	10.37
102⅞	91⅞	Asian Dev Bk 10¼pcLn2009	100⅞	–⅛	10.15	10.12
116⅞	105⅞	Int-Am Dev Bk 12½pc 2003	114⅞	–⅛	10.90	10.24
97⅞	86⅞	Do. 9¼pc Ln 2015	96	–⅛	10.16	10.20
125	101	Utd. Mexican States 16½pc 2008	124½	.....	13.25	12.89

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104½	100½	Birmingham 11½pc 2012	103¼	–¼	11.14	11.10
98⅞	93½	GLC 6¾pc 1990-92	98⅞	.....	6.82	9.90
119½	110½	Leeds 13½pc 2006	117¼	–¼	11.51	11.11
31	28	Liverpool 3½pc Irred.	30¼	.....	11.57	–
27½	26	LCC 3pc '20 Aft.	27¼	.....	11.01	–
105½	97½	Manchester 11½pc 2007	103¼	–¼	11.08	11.00

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
97½	84½	5th Rhod. 87-92 Assd.	97½	.....	4.62	–

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
106	102	N'wide Anglia 3¾pc Ln 2021	106	.....	–	5.41
107¼	104	Do. 4.25pcIL '24	107¼	.....	–	5.06

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52½	.....	5.71	10.02

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
133⅞	120⅞	Hydro Quebec 15pc 2011	131⅞	–½	15.0	11.03

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY NOVEMBER 14 1991 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY NOVEMBER 13 1991 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991 High	1991 Low	Year ago (approx)
Australia (69)	158.03	+0.0	131.96	129.71	133.97	133.59	–0.1	4.53	158.05	132.31	129.97	134.78	133.71	160.31	112.74	123.54
Austria (20)	170.23	–0.4	142.15	139.73	144.31	144.15	–0.7	1.98	170.85	143.03	140.51	145.68	145.15	222.37	153.86	199.15
Belgium (47)	134.55	+0.4	112.35	110.43	114.05	111.65	+0.2	5.30	134.06	112.23	110.24	114.30	111.42	151.20	118.04	138.26
Canada (115)	143.33	–0.7	119.68	117.64	121.49	117.49	–0.6	3.17	144.28	120.78	118.64	123.01	118.16	144.28	126.49	124.89
Denmark (37)	262.89	+0.7	219.52	215.78	222.85	226.51	+0.2	1.56	261.08	218.56	214.71	222.60	226.10	270.56	217.74	253.25
Finland (15)	86.45	+0.3	72.19	70.96	73.28	72.62	+0.2	3.35	86.16	72.13	70.86	73.46	72.44	125.15	83.69	105.18
France (109)	147.37	+1.7	123.06	120.95	124.91	128.88	+1.3	3.44	144.87	121.28	119.13	123.51	127.26	152.26	119.11	138.90
Germany (65)	112.91	+0.3	94.29	92.69	95.71	95.71	–0.3	2.41	112.58	94.25	92.60	95.99	95.99	125.35	94.15	115.78
Hong Kong (55)	173.31	–0.7	144.72	142.25	146.92	172.66	–0.7	4.30	174.49	146.07	143.49	148.78	173.88	175.29	119.62	122.09
Ireland (18)	163.51	+1.1	136.54	134.21	138.61	140.61	+0.7	3.56	161.74	135.40	133.01	137.90	139.60	182.46	132.88	152.37
Italy (77)	71.28	+0.7	59.53	58.51	60.43	65.41	+0.3	3.54	70.81	59.28	58.23	60.37	65.21	88.23	64.76	79.41
Japan (474)	138.26	–0.7	115.45	113.48	117.22	113.48	–0.8	0.75	139.17	116.51	114.45	118.68	114.45	146.97	118.23	128.27
Malaysia (68)	211.81	–0.4	176.87	173.85	179.55	223.48	–0.5	2.78	212.65	178.02	174.87	181.31	224.57	247.78	189.18	194.01
Mexico (17)	1389.22	+0.8	1160.04	1140.28	1177.64	4664.56	+0.8	1.10	1378.41	1153.94	1133.59	1175.28	4628.26	1389.22	534.45	551.94
Netherland (31)	148.24	+0.7	123.79	121.68	125.67	124.36	+0.3	4.34	147.14	123.18	121.00	125.46	124.00	148.24	125.70	133.84
New Zealand (14)	49.15	–0.5	41.04	40.35	41.67	46.45	–0.6	6.03	49.39	41.35	40.62	42.11	46.75	54.64	41.18	48.12
Norway (30)	185.41	–0.7	154.82	152.19	157.17	161.06	–1.1	1.80	186.76	156.34	153.59	159.24	162.86	223.24	178.58	221.53
Singapore (38)	210.54	+0.0	175.81	172.82	178.47	162.42	–0.2	2.15	210.47	176.19	173.09	179.45	162.75	213.93	151.63	155.17
South Africa (61)	269.05	+0.6	224.66	220.83	228.06	179.28	–0.4	2.73	267.36	223.82	219.87	227.95	180.09	269.05	173.00	170.49
Spain (53)	148.94	–1.0	124.37	122.25	126.25	115.82	–1.2	4.75	150.43	125.94	123.72	128.26	117.21	171.12	131.51	147.56
Sweden (25)	176.20	–2.5	147.13	144.63	149.37	155.66	–2.8	2.87	180.65	151.23	148.57	154.03	160.19	204.12	146.60	166.15
Switzerland (59)	99.03	+0.8	82.70	81.29	83.96	88.87	+0.4	2.28	98.28	82.28	80.83	83.81	88.50	100.67	82.17	91.91
United Kingdom (240)	182.13	+0.8	152.08	149.48	154.38	152.08	+0.5	4.89	180.68	151.26	148.58	154.04	151.26	187.44	158.27	161.48
USA (526)	161.42	–0.1	134.79	132.50	136.84	161.42	–0.1	3.00	161.59	135.28	132.90	137.79	161.59	161.59	125.95	127.99
Europe (826)	143.92	+0.7	120.18	118.13	122.01	121.88	+0.3	3.96	142.95	119.67	117.56	121.89	121.46	151.52	125.50	135.81
Nordic (107)	181.68	–0.7	151.71	149.12	154.01	152.38	–1.2	2.12	183.00	153.20	150.50	156.03	154.15	200.81	155.55	178.90
Pacific Basin (718)	139.50	–0.6	116.48	114.50	118.25	115.52	–0.8	1.08	140.37	117.51	115.44	119.68	116.46	145.92	117.86	127.55
Euro–Pacific (1544)	141.60	–0.1	118.24	116.22	120.03	118.86	–0.3	2.25	141.74	118.66	116.65	120.84	119.27	147.66	121.29	131.26
North America (641)	160.22	–0.1	133.79	131.52	135.84	158.45	–0.1	3.01	160.44	134.31	131.96	136.82	158.66	160.44	125.91	127.71
Europe Ex. UK (586)	121.18	+0.8	101.19	99.49	102.75	104.49	+0.2	3.25	120.47	100.85	99.09	102.74	104.31	129.80	103.58	119.68
Pacific Ex. Japan (244)	151.65	–0.3	126.63	124.50	128.57	134.25	–0.4	4.12	152.09	127.32	125.10	129.69	134.75	153.19	111.40	118.37
World Ex. US (1737)	143.80	–0.1	120.07	118.04	121.90	120.55	–0.3	2.28	143.93	120.49	118.37	122.72	120.97	148.16	122.32	131.67
World Ex. UK (2023)	145.47	–0.2	121.47	119.41	123.33	131.42	–0.4	2.27	145.77	122.03	119.88	124.30	131.88	146.16	120.06	126.23
World Ex. So. Af. (2202)	147.86	–0.1	123.47	121.38	125.35	132.99	–0.3	2.54	148.02	123.91	121.74	126.22	133.33	148.66	122.92	129.11
World Ex. Japan (1789)	155.59	+0.2	129.92	127.72	131.91	144.34	+0.0	3.39	155.33	130.04	127.76	132.46	144.32	155.59	126.69	131.21
The World Index (2263)	148.67	–0.1	124.14	122.03	126.03	133.39	–0.3	2.55	148.81	124.58	122.39	126.89	133.74	149.37	123.28	128.36

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Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

FINANCE, LAND, ETC—Contd

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
56	33	Sieger & Friedlander	44	...	2.5	1.7	7.6	10.1
145	95	Smith New Court	123	+1	3.5	1.2	3.8	27.6
87	61	Do. Cnv Prf 50p	75	..	6.5	–	11.6	–
131	109	South America Fund	109		–	–	–	–
51	40	Do. Warrants	42	......	–	–	–	–
419	254	South East Asian Warrants	359		–	–	–	–
58	27	Sterling Trust 10p	56	...	4.0	0.5	9.5	5.1
158	113	Strategem Grp 20p	113	−4	4.0	5.6	4.7	5.0
119	50	Sumit 100p	65	......	5.8	1.2	‡	8.9
262	168	Templeton Gorth $0.01	259		1Q15c	2.4	2.8	12.6
975	590	Thai Euro Fd Ptg.	732		–	–	–	–
[illegible]								

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[illegible]

OIL AND GAS

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PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

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[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

MINES—Contd

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's

Australians

27	13	ACM Gold	24½	......	Q5c	♦	9.7
3	3	Arboyne 50c	3	......	–	–	–
36½	20	Aztec Expln	34	.	Z01c	–	1.3
49	25	Bougainville 1 Kina	33		–	–	–
662	366	CRA $2	572	−2	tQ44c	1.9	‡
90	35	Central Pacific	60	+2	–	–	–
5	2½	Croesus Mining N L	5	....	–	–	–
63	17	Delta Gold 25c	59		–	–	–
[illegible]							
£6¾	£3⅝	Hemlo Gold Mines	£5¼	......	Q20c	–	2.1
£11⅞	£7⅞	Homestake Mining $1	£8⅛	−⅛	Q20c	–	1.3
61	30	Ivernia West	30	.	–	–	–
46	33	Kells Mins. Ir5p	40	−1	–	–	–
25	6½	Kenmare Ir5p	7½	+½	–	–	–
20	15	Minven Resources	20	......	–	–	–
99	50	Northgate Expl. C$1	50	....	–	–	–
16	5	North West Expl.	5	.	–	–	–
188	82	Orvx Gold Hldgs	117	....	–	–	–
23	10	Ovoca Gold IR 2p	11	...	–	–	–
44	17	Plateau Mining 20p	18	......	–	–	–
605	404	RTZ 10p	526	−12	19.5	1.7	4.9
11	3¼	Thorco Res. Inc.	7½	...	–	–	–
10	2	Vizcaya Hldgs 5p	2½	......	–	–	–
152	20	Wstn & Pac Res	25	...	–	–	–
133	111	Young Group 10p	111	....	5.2	1.8	6.2

Tins

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Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on *middle prices, are gross, adjusted to ACT of 25 per cent and allow* for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ *Not comparable*
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ▌ No par value

B.Fr. Belgian Francs. Fr. French Francs ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject *to local tax. x Dividend cover in excess of 100 times. y Dividend* and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	635xd	......
Finlay Pkg. 5p	α	45	......
Holt (Jos) 25p	β	2040	......
Helton Hldgs	γ	35	−1
IRG		123¼	......
United Drug		170	......

IRISH

Cap. 8½% Ln. 2010	£96	+½
9pc Cap Ln. 1996	£98½	...
Fin. 13% 97/02	£114½	+½
Arnotts	180xd	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	50
Amstrad	6
Astec (BSR)	5
BAT	53
BOC Grp	48
BTR	33
Barclays	34
Blue Circle	20
Boots	33
Bowaters	55
Brit Aerospace	35
British Steel	10
Brit. Telecom	33
Cadburys	35
Charter Cons	42
Comm Union	40
Courtaulds	38
Eurotunnel	50
FKI	5
FNFC	18
Forte	21
Gen Accident	43
GEC	16
Glaxo	110
Grand Met	67
Guardian	14
GKN	28
Hanson	17
Hawker Sidd	55
ICI	95
Ladbroke	21
Legal & Gen	33
Lex Service	16
Lloyds Bank	30
Lucas Inds	12
Marks & Spencer	21
Midland Bk	20
Nat West Bk	26
P & O Dfd	41
Racal Elect	6
RHM	23
Rank Org Ord	55
Ratners	12
Reed Intnl	35
Sears	8½
SmKl. Beecham A	53
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T&N	14
Unilever	60
Vickers	16
Wellcome	60

Property

Brit Land	27
Control Secs	2
Land Securities	41
MEPC	42
Mountleigh	4

Oils

Aviva Petlm	3
Brit Petroleum	26
Burmah Castrol	47
Conroy Petlm	8
Gaelic Res	1
Premier	4
Shell	40
Tuskar Res	1
Ultramar	20

Mines

Lonrho	28
RTZ	46

FINANCIAL TIMES
Weekend November 16/November 17 1991

Lamont says UK on the way to 'permanently low inflation'

RPI shows sharp slowdown

By Peter Marsh, Economics Staff

BRITAIN is on the way to becoming "a country of permanently low inflation", Mr Norman Lamont, the chancellor, said yesterday, after official figures showed a sharp slowdown in the rate of rise of retail prices.

According to the Central Statistical Office, the annual rate of rise in the retail prices index (RPI) was 3.7 per cent last month, after 4.1 per cent in September.

While the annual rate of rise in RPI inflation is at its lowest level since March 1988, the government was further encouraged by a fall in a widely-followed measure of "core" inflation – the annual rise in the RPI, less mortgage payments. This dropped from 5.7 per cent in September to 5.5 per cent in October.

Even though the so-called headline inflation rate for November, to be announced next month, is expected to move up to more than 4 per cent – a result of a large cut in mortgage rates that took place 12 months ago – the government believes core inflation will continue to fall as a result of a slowing in wage growth.

Ministers think that weak inflation will be an important factor behind investment decisions over the next year, leading to a revival in corporate activity. Mr Lamont said low inflation was vital if Britain was to "achieve lasting growth of output and jobs".

Mr John Smith, finance spokesman for the opposition Labour party, welcomed the reduction in inflation, but said it had been achieved at a "terribly high price" of high unemployment, business failures and home repossessions. The announcement that the annual rise in RPI inflation has not risen for 13 months in a row – the longest such period since 1922 – came at the end of a week which has provided generally upbeat news about an upturn.

Details ....Page 6
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High street blues ....Page 9

The rate of rise in prices of factory products at the wholesale level has continued to fall, and October saw the lowest increase in unemployment for more than a year, even though other figures showed manufacturing output has failed to rise.

Although much of the drop of 0.4 percentage points in the annual rate of rise in the RPI between September and October was due to the effect on the index of a sharp rise in oil prices and mortgage costs in October last year, the downward pressure on the index was helped by recent falls in the price of a range of retail items including home furnishings and certain kinds of food. Another factor was cheaper mortgages, triggered by the 0.5 percentage point cut in base rates in September.

With the pound continuing to trade weakly in the European Monetary System's exchange rate mechanism, the news about lower inflation failed to ignite expectations about an imminent cut in interest rates, now at 10.5 per cent. Mr John Maples, a junior Treasury minister, said the pound's ERM position was "not particularly" worrying.

Labour's proposes tough rules for private utilities

By Alison Smith


Gordon Brown: looking for a "consumer champion"

IMPROVEMENTS in service and a bigger voice for the consumer are at the centre of Labour party plans for tougher regulation of the privatised utilities.

The opposition's proposals, to be published on Monday, also involve a review of the pricing formulas of the utilities to include consideration of "excessive profits".

Labour's proposals on customer service are based on the idea of "escalating standards", in which each utility would routinely be expected to make year-on-year improvements in, for example, reducing the number of complaints or – in the case of BT – increasing the number of homes with telephones.

There would also be a split in the regulatory duties between the existing regulator and a new ombudsman for each industry. Mr Gordon Brown, shadow trade secretary, said yesterday he believed the ombudsman would be seen as a "consumer champion".

The industries would be scrutinised by a parliamentary committee which would hold public hearings on their performance.

Labour would also strengthen consumer representation, perhaps through establishing for each utility a consumer council similar to that used for the gas industry.

The opposition is now committed to renationalising only the water industry and to returning the national electricity grid to public control.

On Monday, MPs will debate the government's utilities bill which, as part of the citizen's charter proposals, will broadly increase the powers of all the privatised utilities' regulators to the level of the recently-established electricity watchdog.

Mr Brown said the government's plan "to raise the poor to the level of the less than adequate is not good enough."

BT attractive, Wkd Page IV

Russia suspends export licences for Soviet oil

By John Lloyd in Moscow and Deborah Hargreaves in London

THE RUSSIAN government announced the suspension of all Soviet export licences for Russian oil yesterday in a move intended to protect domestic supplies for the long winter to come.

Mr Egor Gaidar, the new Russian deputy prime minister, told parliament that from today licences covering 150m tonnes of oil will be suspended.

Mr Boris Yeltsin, the Russian president, also announced that the republic had taken over control of Soviet gold reserves, estimated at 240 tonnes.

The decision relating to Soviet oil exports appears to be an assertion of *force majeure* by the largest republic, which accounts for 90 per cent of Soviet oil production. Oil constitutes most Soviet hard currency exports to the west.

Mr Gaidar said: "If we do not soon stop the export of oil, then we will see the total close-down of the energy complex this winter."

Oil prices rose in frantic trading immediately after the announcement, but traders were confused about the implication of the news and the market's response was more muted than might have been expected.

In London, the price of North Sea Brent crude for January delivery reached $21.45 a barrel, a rise of just over 20 cents. In New York, the January futures price gained 29 cents to $22.66 a barrel

The move was one of a series announced yesterday which confirms that Russia is determined to "go it alone" in spite of its agreement on Thursday to a new Union Treaty, along with six other republics. It seems that the suspension covers the export of oil to other republics as well as abroad.

Mr Gaidar said Russia would not take any responsibility for the repayment of further foreign loans from today, except those to which it had specifically agreed. He added that Russia was prepared to take over the whole burden of existing foreign debt on condition that it also controlled gold, precious metal and hard currency reserves.

Other measures passed by the Russian cabinet included agreement to start work on a Russian currency. Trade between Russia and other republics is to be conducted in hard currency, except for a short list of products where barter will be allowed. This measure would devastate the economies of poorer, central Asian states.

● In the latest twist in the hunt for disappearing Soviet assets, Izvestia said some 5m tonnes of gold had been secretly exported in the past six weeks to various European capitals – most of it, 3,159kg, to London on November 7.

American Airlines to cut capital spending by $8bn

By Nikki Tait in New York and Paul Betts in London

AMERICAN Airlines, one of the three largest US carriers, said yesterday it planned to cut $8bn (£4.5bn) from its $22bn capital spending programme over the next five years.

It will defer options, or allow them to lapse, on nearly 100 new aircraft, and reduce associated spending. It will also extend delivery dates for certain jets it has on "firm order".

US aircraft manufacturers, whose shares slid on the news, declined to comment, beyond saying that they are always wary of counting options, as opposed to firm orders.

American's decision could be a further blow to Rolls-Royce, the UK aero-engine manufacturer. The US airline had become a significant customer for Rolls-Royce engines during the past few years, selecting the Tay engine to power its Fokker 100s and the RB211-535 for its Boeing 757s.

Mr Bob Crandall, American's chairman, said in New York the airline now planned to have 682 aircraft by the end of 1995, compared with 602 at present and an original target of 775.

It expects to defer options or allow them to lapse on 93 new aircraft, valued at $5.2bn. A further $3bn would be saved by postponing expenditure on associated equipment, including computer systems.

Mr Crandall said "tentative agreements" had been reached with the two leading US aircraft manufacturers, Boeing and McDonnell Douglas, on deferring delivery of some aircraft.

American said the options which it expects to defer or allow to lapse cover 37 Fokker 100 aircraft, 11 MD-11s, 12 Boeing 767s and 33 Boeing 757s. The bulk of the reduction in expenditure would come in the mid-1990s; the identified savings next year are about $1bn, and in 1993, $1.4bn.

Boeing, which announced on Thursday night it would trim the monthly production rate of 737s from 21 to 17 in late 1992, acknowledged that it has rescheduled the delivery of 48 757s to American. Completion of the order has been deferred by two years to the end of 1995.

American reported after-tax profits of $70.3m in the third quarter of 1991, but has warned that it will "almost certainly" make a loss in the fourth quarter. Its after-tax loss in the first nine months totalled $115m.

McDonnell deal, Page 12

THE LEX COLUMN

A case of deflated expectations

The mildly disappointing UK inflation figure for October was largely shrugged off by the markets yesterday. All the same, the implications are not cheerful. The prospect of the UK headline rate dropping below Germany's 3.5 per cent was essentially symbolic. Nevertheless, the 3.7 per cent outcome was a reminder that if this is the plateau in both the headline and core figure, the UK is stuck above the average for its ERM partners. The market must weigh the fact that whereas UK interest rates could be reduced without damage to sterling for as long as UK inflation was falling, a barrier may have been reached now that inflation has hit bottom. For the foreign exchange markets, it was perhaps better to travel than to arrive.

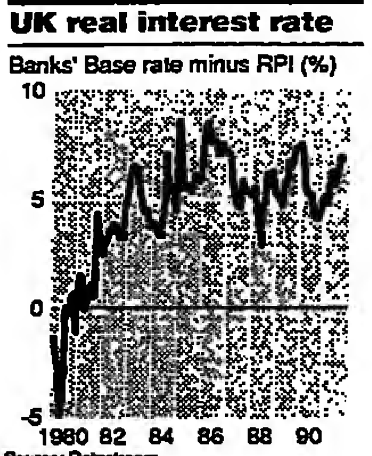
The fact that the equity market fell only fractionally in the course of the week may owe something to the fact that the brief expectation of a base rate cut in mid-week was never taken very seriously. The market consensus remains that with luck, the government can still accommodate a further half point cut before the election. The tricky question is whether the point of maximum political advantage will coincide with a window of opportunity in the foreign exchange markets.

Meanwhile, the market must rub along on a thin diet of news: a sprinkling of results from companies with September year ends and a handful of minor rights issues. The background remains one of deep uncertainty about the scale of recovery in both the UK and US, made no clearer by this week's data. It could well prove a quiet close to the year.

FT-SE Index: 2,546.6 (-15)

UK real interest rate

Banks' Base rate minus RPI (%)



Source: Datastream

American Airlines

The news that American Airlines has cancelled options on $5.2bn of new planes and rescheduled the delivery of others worth $3bn should come as no great surprise. The manufacturers were always bound to suffer from the orgy of airline expansion in the late 1980s. According to the aircraft leasing firm GPA, not by nature pessimistic even if its market intelligence is second to none, as many as 400 firm aircraft orders for 1991-93 may be surplus to requirement. With 500 planes sitting in the Mojave desert, it is not hard to see why financially weakened AA is chopping back its ambitions.

Coming on top of Boeing's decision this week to cut its production rate of 737s in a year's time, the AA move is nevertheless a sharp reminder of the long-term uncertainties for suppliers. Take Rolls-Royce, for example. The Fokker 100s which will not now be built for AA would have been powered by Rolls's Tay engine, while the RB211-535 which goes on many of AA's 757s is one of Rolls's most profitable. Yesterday's decision is unlikely to affect Rolls's profits for this year or next and the options may always be renewed. Given the parlous state of the US airline industry, it would not do to count on it.

It is some consolation for Rolls that demand for large aircraft, where it has a relatively strong position, is likely to be better than for smaller planes. The trouble is that GE and Pratt & Whitney are likely to compete all the harder in this market. They have already proved it with last month's bitterly controversial deal with British Airways.

Currencies

The devaluation of the Finnish markka has knocked something of a dent in the fashionable theory that high-yielding currencies linked to the Ecu offer secure and lucrative investment opportunities. In fact, there is no particular reason why the Finnish example should be followed by others like Sweden. Finland has special problems because of its dependency on exports to the Soviet Union. It also chose to link its currency to the Ecu at too high a rate.

International bond investors may not react logically, however, especially if, as the market suspects, some have burned their fingers with large unhedged positions in the Finnish currency. Over the next few months they are likely to err on the side of caution, particularly over currencies outside the support network provided by the exchange rate mechanism. Sweden felt some of the backwash as its krona dipped and money market rates rose yesterday. It should be able to contain the problem, but a flight to quality in European bond markets could put still more upward pressure on the D-Mark.

That is not particularly comfortable for currencies like sterling and the French franc which are at or close to the bottom of the ERM. Luckily for the Maastricht summit, it does not yet show signs of destablising the system as a whole. Thanks to high interest rates, the peseta is still by far the strongest currency, while the D-Mark itself has room for manoeuvre. Whether that will last into the spring remains less clear. Sooner or later, other European governments must become fed up with imported German austerity.

Salmon farming

Alas, thanks to an obscure BP subsidiary the prospect of even cheaper salmon for supper has retreated again. There will doubtless be relief beyond Harrods' food hall that the huge stocks of frozen salmon owned by Norway's creaking banks are to be disposed of discreetly after all, rather than dumped on the market. Big producers like Booker, as well as a vocal lobby of smaller companies in Scotland, will be not a little pleased at their rivals' troubles.

UK and European consumers have less reason to be amused, although arguably salmon is already a cheap fish. It is a condition of the deal with BP that the frozen stocks cannot be sold directly (or indirectly through re-export) to the biggest markets. The Norwegian banks have a simple motive for stipulating that existing price levels should be maintained – such is the awful state of their balance sheets, they need every krone they can get.

The reason the banks own the fish is because they threw money at an industry which expanded far too quickly. The ensuing glut of fish was stored, and eventually became an awkward collateral to bad loans. In recent years, the European Community and the US have strongly disputed Norway's exports of cheap salmon, so presumably the banks wanted to avoid further battles. It is just as well for them that BP's specialist fish feed company has the connections to sell the salmon elsewhere, possibly for a commodity such as oil.

Abu Dhabi in secret talks

Continued from Page 1

has been very generous".

The key to the deal lies in Abu Dhabi securing waivers from all those parties who have claims against BCCI. If it succeeds, Abu Dhabi would emerge as the owner of all the remaining assets of BCCI, and would then decide how to dispose of them. It seems unlikely at this stage that the deal will include plans to resurrect any major part of the bank, including the UK portion which was among the largest.

In the absence of a deal, depositors would receive whatever their country's deposit insurance scheme offered. In the case of the UK, this is a maximum of £15,000. They would also receive a share of whatever surplus is left after the bank is wound up.

In what appears to be a tactic associated with the negotiations, the English provisional liquidators have applied to the US bankruptcy court in New York for leave to withdraw applications for recognition in the US as representatives of Luxembourg-registered BCCI SA, the main BCCI bank in the west, to have assets of BCCI turned over to them, and to direct US claimants against BCCI to make their claims in the English liquidation.

The effect of the application, if granted, would be to leave only Mr Smouha, the Luxembourg provisional liquidator, claiming US assets of BCCI SA.

The BCCI depositors protection association is opposing the move. "Part of our problem," said Mr Tony Scott, secretary of the association, "is that we do not know what is afoot and Touche Ross have declined to tell us. Creditors have no way of knowing whether the liquidators are acting in their best interests."

The association's lawyers are meeting Mr Christopher Morris, representing the English provisional liquidators on Monday.

Fishy story

Continued from Page 1

system, backfired as the world glut worsened and prices continued to fall.

The company takes over responsibility for selling the fish from a consortium of 10 Norwegian banks led by Christiania Bank who earlier this week agreed to administer a government-funded company set up to dispose of the stock.

The salmon was accumulated by the Norwegian Fish Sales Organisation, which this week was put into bankruptcy by the banks. The banks have lent NKr 5bn (£440m) to the fish farming industry.

Mr Eide refused to be drawn on the commercial prospects or the exact terms of the undertaking. "We will contact governments and industry in prospective countries outside main markets. For BP this is not a Norwegian operation but an international operation to safeguard the industry," he stressed.

T. Skretting will use the trading network of Aquastar, a Belgium-based seafood company belonging to BP. "It was vital for us to use the BP network so that we could secure guarantees that this salmon would not be re-exported back into main markets. Because BP is involved, world markets will stabilise," Mr Eide said.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Aachen Mch	828	+	13
Daimler-Benz	724	+	9.5
Linde	776.5	+	8.5
MAN Prf	303	+	9
Philips Kommn	611	+	6
Falls			
Asko	813	−	12
New York ($)			
Rises			
Bioplasty	6 1/16	+	1 1/16
Falls			
Am Travellers	13 3/4	−	5
Boeing	46 7/8	−	2
Cigna	56 1/4	−	3 1/2
Gap	50 5/8	−	1 3/4
MBNA	29 3/4	−	2
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Beghin-Say	653	+	8
Imetal	250	+	4
Valeo	602	+	30
Falls			
Axa	900	−	12
Bouygues	554	−	16
Radiotechn	548	−	10
Tokyo (Yen)			
Rises			
Nippon Carbon	2670	+	200
Nippon Concrete	1080	+	90
Tosco	576	+	76
Toyo Ink	790	+	69
Falls			
Daimei Telecom	1040	−	110
Hirose Elec	3900	−	400
London (Pence)			
Rises			
BAA	454	+	17
Dickie (J)	30	+	6
Dowty	175	+	10
Firth (GM)	34	+	7
Kwik-Fit	193	+	11
New Eng Props	17	+	3
Novo Group	99	+	25
Rathbone Bros	413	+	35
Wellcome	897	+	44
Falls			
ACT	137	−	5
British Telecom	364	−	8
Glaxo	845	−	18
Gresham House	10	−	3
Greycoat	134	−	10
Higgs & Hill	144	−	8
Kitty Little	18	−	5
Proteus	164	−	15
Relyon	131	−	10
Thorn EMI	785	−	24
UK Land	20	−	15
Volex	268	−	12

Kohl puts personal plea

Continued from Page 1

in other international partners.

That could mean collaboration with the Soviet Union, according to Mr Heinz Riesenhuber, the German minister of research and technology, who confirmed that the whole space programme, its participants and the sharing of costs would be up for reconsideration.

However, Mr Kohl insisted that Germany had no intention of quitting the space programme, both manned and unmanned, but only of redefining it.

The Franco-German compromise for a one-year delay will be put to Monday's full ministerial meeting of the 13-nation European Space Agency in Munich.

The other issue on which differences clearly remained was Yugoslavia, with both Mr Mitterrand and Mr Roland Dumas, his foreign minister, insisting that action must continue to be co-ordinated through the EC, while Mr Kohl said it should be "if possible".

Germany is pressing for diplomatic recognition of Croatia and Slovenia, and is determined to bring matters to a head in the EC.

On European union, both political and economic, the deep commitment of both leaders to pressing ahead with integration bore the day, including reaffirmation of their joint initiative to build a clear European defence identity.

On that score, they formally instructed their defence ministers to prepare concrete ideas for converting the current Franco-German brigade, based in Baden-Württemberg, into the nucleus of a European corps.

French officials said that at least three countries – Spain, Italy and Belgium – had expressed an interest in participating in the brigade – although its functions, and its relationship with Nato, remain unclear.

Two differences emerged on the European treaty on political union: Germany is unhappy with French plans for a chapter on industrial policy, fearing that it will build French *dirigiste* ideas of interventionism into the EC system. And France is unhappy with the plan to give Germany an additional 18 members of the European parliament.

WORLDWIDE WEATHER

UK today: After a frosty, foggy morning, the east and north will have sunny periods but cloud and showers will spread from the west. The west will start dry but become cloudy overnight with rain.

Outlook: Brighter spells at first on Sunday but becoming wet and windy on Monday

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	12	54	Bordeaux	R	10	50	Dallas †	C	19	66	Innsbruck	F	3	37
Algiers	F	21	70	Boulogne	S	10	50	Dublin	C	4	39	Inverness	R	6	43
Amsterdam	F	7	45	Bristol	F	8	46	Dubrovnik		–	–	Isle of Man	F	8	46
Athens	F	19	66	Brussels	C	8	46	Edinburgh	S	6	43	Istanbul	F	15	59
Bahrain	S	27	81	Budapest	F	10	50	Faro	S	19	66	Jersey	S	9	48
Barcelona	F	15	59	Buenos Aires		–	–	Florence	R	10	50	Johannesburg		–	–
Belfast	F	5	41	Cairo	S	25	77	Frankfurt	C	7	45	Las Palmas	C	20	68
Belgrade	S	17	63	Cape Town		–	–	Geneva	R	5	41	Leeds	S	8	46
Berlin	C	7	45	Cardiff	F	9	48	Gibraltar	R	17	63	Lisbon	F	19	66
Biarritz	R	14	57	Chicago †	R	11	52	Glasgow	S	5	41	Locarno	C	3	37
Birmingham	C	7	45	Cologne	C	8	46	Guernsey	F	10	50	London	F	9	48
Blackpool	S	8	46	Copenhagen	C	7	45	Helsinki	R	5	41	Los Angeles †	S	14	57
Bombay	F	32	90	Corfu	T	19	66	Hong Kong	S	22	72	Luxembourg	C	5	41

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	22	72	Nairobi	C	18	64	Prague	F	8	46	Tel Aviv	S	23	73
Madrid	C	15	59	Naples	F	17	63	Reykjavik	Sn	-3	27	Tenerife	C	17	63
Majorca	F	19	66	Nassau		–	–	Rhodes	C	20	68	Tokyo	S	16	61
Malaga	F	21	70	Newcastle	S	7	45	Rio de Janeiro		–	–	Toronto †	R	9	48
Malta	S	22	72	New Delhi	S	23	73	Rome	F	16	61	Tunis	F	21	70
Manchester	S	9	48	New York †	C	9	48	Salzburg	S	6	43	Valencia	F	19	66
Melbourne	S	25	77	Nice	C	8	46	S Francisco †	S	12	54	Vancouver †	F	2	36
Mexico City		–	–	Nicosia	S	23	73	Seoul	S	9	48	Venice	R	8	46
Miami †	F	23	73	Oporto	R	16	61	Singapore	F	31	88	Vienna	F	8	46
Milan	R	6	43	Oslo	C	3	37	Stockholm	Fg	1	34	Warsaw	F	8	46
Montreal †	R	3	37	Paris	F	8	46	Strasbourg	R	7	45	Washington †	C	9	48
Moscow	C	6	43	Peking	S	14	57	Sydney	S	21	70	Wellington	F	13	55
Munich	F	8	46	Perth	C	19	66	Tangier	C	18	64	Zurich	F	6	43

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Weekend FT
SECTION II Weekend November 16/November 17 1991

Long hunt for the raiders of the lost art

*Each night on an ancient site in rural England a farmer takes on the art thieves. Now the fight has shifted to the US courts, writes **Gerald Cadogan***

IT WAS a night without a moon. John Browning had been waiting for hours behind a hedge, and he was not disappointed. First the gleams of torchlight and clink of metal, then the dim outline of men in balaclava helmets, told him that, once again, the raiders had come.

He knew their cars were parked two miles away to ensure stealth; he knew also that police had warned: "Don't tackle them. They could be violent." Browning was to discover that the police were right.

It sounds like a script for a thriller movie. Instead, it happened in the gentle landscape of Suffolk, England, where gangs of sophisticated looters have been disturbing the rural peace in search of ancient buried treasure.

One night, when Browning was *not* out on solitary patrol, the looters are believed to have made a spectacular discovery. This started a chase which has involved a police raid in Suffolk, extradition moves in Australia, a glitzy New York saleroom and the richest private museum in the world. The trail has now reached a US courtroom in a case which promises to embarrass the UK government and shame the guardians of Britain's heritage.

The story begins at Weatherhill Farm, Browning's home, which lies on a curve of the river Lark between the villages of Icklingham and Lackford in western Suffolk. The long history of the place includes occupation by the Romans, who invaded Britain 2,000 years ago; they knew the site as Camboritum, or "ford at the bend."

For the Romans, it was a settlement at a crossroads in their East Anglian network of communications. What they left behind has turned the area into a magnet for archaeologists – and thieves. The best find, police believe, was the Icklingham bronzes, a spectacular group of 16 or more works (the exact number still is unclear) thought to have been dug up and stolen from Weatherhill 10 years ago. They are now in the US after a tortuous route that may have included Australia.

It was the popularisation of metal detectors in the 1970s that proved the undoing of Weatherhill. In 1971, its 56 acres of fields – low, heathy slopes known locally as breckland, where Browning grows wheat, barley, sugar beet and linseed – were declared a Scheduled Ancient Monument, designed to protect potential finds and deter treasure-hunters. Indeed, Browning was paid £1,000 by English Heritage, one of the main guardians of the nation's cultural and architectural treasures, on condition that he did not plough deeper than 10 inches.

But then came the detectors.

Although not illegal, they are banned on scheduled sites. Archaeologists blame the devices for leading to unscientific and unauthorised digs that can wreck the historical context of such sites – something which, to them, matters as much as what might be found. But the maximum fine under the Ancient Monuments Act for using a detector on a scheduled site is just £200 (now under review). Browning quickly discovered that it was no deterrent to unwelcome visitors.

Weatherhill's fields have proved a rich mine of relics. As far back as 1877, diggers found a 25 ft by 17 ft bathroom with an underfloor hypocaust (a Roman heating system using hot air). Among later finds were pottery kilns, a 24 ft-wide road and hundreds of coins which London dealers used to buy from farm workers in local pubs for small change.

Camboritum's most remarkable contribution has been evidence of fourth-century Christianity, long before AD 597 when St Augustine arrived in Canterbury. Two lead tanks, or portable fonts – one bearing Chi-Rho, the first two letters of Christ in Greek – had been found. Then, in 1974, the Suffolk Archaeological Unit uncovered a cemetery of 55 Christian graves complete with wooden coffins, a large stone coffin, another lead tank and part of a fourth. There were also the remains of two buildings, one possibly a baptistery, the other a church.

Not everyone at Camboritum was a Christian. The settlement also had pagan cremations in urns. The bronzes themselves are likely to be from a pagan temple co-existing with the Christians.

For Browning, however, these interesting finds led into a nightmare. Increasingly, his farm was invaded by people with detectors, even in daylight; yet he could do little unless he caught them digging. Country people in England know that trespass is a charge that does not stick. When, in 1981, raiders burgled the Archaeological Unit's offices and took maps and files, it was clear that something big was being planned. That something, police now believe, was the Icklingham bronzes.

Browning never saw the raiders but police heard talk of the haul, the star item of which has turned out to be a six-inch-long cheetah inlaid with silver spots. Nothing of substance surfaced until 1982 when Robert Erskine, a writer preparing a programme about England's bizarre laws on treasure trove, was given Polaroid photographs by a dealer of a group of bronze objects said to come from the Icklingham area.

Erskine was intrigued. He had grown up in west Suffolk and knew the fields and their archaeological background. He took the photographs to the British Museum in London, which was immediately suspicious. It realised that the objects could not possibly have come from an official dig and called the police.

The photos showed 16 pieces, but enquiries indicated there were considerably more. Besides the cheetah, the bronzes include the statuette of a god – perhaps Vulcan – horse collar fittings, two helmets, a belt, a chaplet, and face masks for placing on wooden statues.

Michael Frith

The trail then turned cold and nothing more was heard about the bronzes for several years. Browning, meanwhile, continued to battle intruders. During the 1980s he caught 13 people at different times, one of them a US Marine officer who was fined £100. (After that, police advised prosecuting under the Theft Act, which has heftier fines and, unlike the ancient monuments law, allows seizure of tools and equipment. As a result, the last three people convicted had their detectors confiscated).

With the help of the Royal Air Force, Browning even installed an alarm system. One night, in 1987, it went off. Police intercepted the robbers and a violent brawl ensued in which one policeman was badly hurt. Two raiders were sent to prison and police renewed their efforts to track down other looters.

A year later, the bronzes surfaced unexpectedly – in the Ariadne Galleries, New York, owned by Torkom Demirjian. The cheetah alone was priced at $600,000. Demirjian insists that he obtained them lawfully, although he will not reveal where. "This gallery has always dealt with the utmost discretion," he says, "and it has never deviated from this practice. If there is any doubt about a piece, it is up to others to prove it in the courts.

"In our business, we have got used now to all sorts of ridiculous claims. We did not acquire them [the bronzes] in Great Britain or France or Germany but in another Western country in a normal, legitimate business transaction."

Ariadne offered the cheetah to the vastly-wealthy Getty Museum in Malibu, California. But it refused to buy before consulting the British Museum, to make sure that the cheetah was "clean". When the Californians heard the British Museum's story, they withdrew. At this point, Browning received an extraordinary letter from English Heritage.

The letter said: "It is comforting to learn that a reputable museum [a reference to the Getty] will possess one of the pieces which were, of course, exported from this country without a licence. We thought that, as the owner of the monument and, presumably, the rightful owner of the pieces, you would welcome news of their whereabouts." Browning was particularly incensed by the enclosure: another letter, from the British Museum, to say it could see no way of getting the pieces back to England.

Browning tried unsuccessfully to enlist the help of several government departments to combat the "defeatism and apathy" which met his efforts to repatriate the bronzes. But in June 1989 he received another surprise. Solicitors representing Ariadne wrote to say that, while it maintained it had proper title, it was willing to negotiate compensation. Browning was even advised by a well-known figure in the art world to "go to Ariadne and get yourself bought off."

He was having none of it. Neither were the Suffolk police, whose investigations were by now progressing energetically. A dawn raid on suspected looters led to information which enabled detectives to follow the trail to Australia. They have since asked the Crown Prosecution Service to seek a man's extradition.

Browning's problems have been magnified by the British government's failure to ratify the Unesco convention prohibiting and preventing the illicit import, export and transfer of ownership of cultural property. The government's Office of Arts and Libraries claims ratification would place unjustifiable extra burdens on customs officers and that methods of monitoring the traffic in stolen artefacts are adequate.

"Nonsense," says Philip Saunders of *Trace*, a magazine that hunts stolen art. He points out that the art and antiques squad at Scotland Yard – the London headquarters of Britain's biggest police force, the Metropolitan – consists of two officers and two civilians. "How can they cope with the London market?" he asks. "The Office of Arts and Libraries tries its hardest but it is not getting support from ministers." The Office replies: "It is a private case. We have kept in contact with the police and done all we can to ensure they pursue it. The government cannot take up every individual's case."

Last April, Browning, despairing of official action, hired Thomas Kline, an attorney with Andrews & Kurth in Washington DC. Kline has a record of recovering antiquities; among his successes are winning back mosaics stolen from the church of Kanikaria in northern Cyprus. He was involved in repatriating from Texas a 10th-century gospel and other treasures taken from a German convent church at the end of the Second World War.

Kline is helped by the fact that the US has ratified the Unesco convention in spite of the protests of New York dealers. The case of the Icklingham bronzes will be heard next year; preliminary depositions have just been made. But Kline will have to prove that the bronzes *were* stolen from Weatherhill, and he is under no illusions. "Pieces that have not been recorded are hard to recover, unlike the heavy documentation on the Cyprus mosaics and the German church treasures."

Kline took the case only because he is sure the bronzes *do* come from Weatherhill, and the Suffolk police believe they have the evidence to prove it. "There is one standard of proof for a criminal court and another for civil proceedings," says detective-inspector Michael Bier. "We expect to be helping in the [US] case." Kline is "very impressed with their investigative efforts."

Should Browning, who is paying the legal costs himself, win, pressure will increase on the British government to toughen laws on ancient treasures. These could include ratifying the Unesco convention; strengthening the Ancient Monuments Act; stopping the use of metal detectors without a landowner's consent, and requiring official permission for any digging for antiquities.

There could perhaps be a declaration that all antiquities found in the ground are national property. As the law on treasure trove stands, anyone finding gold or silver on someone else's property gets full compensation, but not the landowner.

Browning says: "I consider myself to be undertaking and financing a very large operation in which the government has a duty to participate but refuses to help. Those in authority appear actively to be seeking the easy life." He says the UK is a clearing house for cultural property looted from all over the world, mainly because Britain is not party to the convention. Britain's minister for the arts, Tim Renton, says that possible courses of action are a restitution scheme or a system of "passports" for works of art.

Mark Fisher, the shadow spokesman for the arts in the opposition Labour Party, adds: "Britain has done very well, by chance, in that the man from whose fields the bronzes were taken is a person of enormous integrity, passion and pertinacity. I just wish his perseverance had been matched, even in part, by successive government ministers."

Demirjian disagrees. He contends: "The British press has allowed itself to be used by one particular gentleman, whose name I shall not say." Browning replies: "I am fighting for our national heritage. If the government won't do it, I must."

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Jean-Charles and Rosie Carrarini, founders and owners of Villandry delicatessen and restaurant: PVIII

The Long View/**Barry Riley**

Modigliani's model

AROUND THIS time last year Paddy Linaker, managing director of the M & G unit trust group, broached a sensitive subject with industrialists by urging British companies to avoid cutting their dividends even though profits might suffer a temporary dip.

By and large, companies appear to have bowed to the wishes of their dividend-hungry shareholders in 1991. Indeed, dividends on the 481 shares which make up the Industrial Group of the FT-Actuaries share indices have risen by an unexpectedly impressive 8.4 per cent. Earnings per share meanwhile have tumbled by about 13 per cent, so dividend cover has shrunk from 2.3 to 1.8 times.

Yet there are signs that the willingness of industrialists to keep writing out fat cheques to Linaker and his ilk, almost regardless of the circumstances, is coming into question. British Steel decided this week, for instance, that profits are collapsing too far for it to maintain this year's final dividend, though it has held the interim payment; its share price tumbled by a quarter in two days, giving a warning to other dividend Scrooges. But several more companies, including Burton and FKI, have announced dividend cuts.

A few days ago Robin Leigh-Pemberton, Bank of England Governor, entered into the debate by questioning the pressure on companies to maintain their dividends. Reduction of dividends might often be the mark of "responsible and resolute management" he observed gubernatorially.

Remember that between 1984 and 1990 the dividends paid by British companies grew at an extraordinary rate, usually 15 per cent or more a year. Profits were buoyant too but, if anything, dividends grew faster – surprisingly, because normally you would expect companies to build up dividend cover in good years, to provide a cushion for bad times.

Tax changes can play an important role in influencing dividend policies: the cut in the top rate of income tax from 60 to 40 per cent in 1988 made it more worthwhile for private investors to seek dividend income, for instance. A recent Bank of England discussion paper also found that dividends have tended to surge in periods of high takeover activity, when nervous managements tend to raise dividends sharply in order to buy shareholder loyalty and signal confidence in the future.

On the other hand, the classic Miller and Modigliani dividend irrelevance theorem found that – tax distortions apart – share prices ought to be unaffected by payout ratios. Since the economists won the Nobel Prize for their efforts they surely ought to have known what they were talking about. But they do not seem to have fully taken on board the pressures felt by institutional investors.

In particular, many British collective funds – like those of M & G – have promised high and rising incomes to their investors. M & G has just raised £246m by floating a new investment trust on which the target portfolio income is 7.4 per cent. If companies cut their dividends the managers of such funds will either miss their targets or must switch to other shares where the required payouts are still being made. In the process, if British Steel is anything to go by, the capital losses may be far greater than the dividends that are retrieved.

And the distribution of largesse by British companies is becoming patchy. Already, dividends from the financial sector have fallen over the past 12 months (bank sector dividends are down by 7 per cent) so that dividend growth on the All-Share Index is only 6 per cent. Elsewhere, dividend gains in the capital goods sectors have been negligible. The big powerhouses – with dividends up by as much as a quarter – have been sectors like telephones, water and pharmaceuticals, all virtually recession-proof (but not necessarily all proof against political upheavals). Wellcome's dividend was hoisted by more than 50 per cent on Thursday.

Elsewhere time may be running out. As Robin Leigh-Pemberton remarked, pressure to pay dividends is felt even by companies for which cash has become a scarce resource. However, companies may view dividends as the key to new sources of capital: if they can shore up their share prices their ability to raise substantial new sums through rights issues may be enhanced. We have seen over £9bn of increasingly desperate rights offers this year, and the queue is reckoned to be very long.

For UK pension funds, which own about 30 per cent of the shares of British listed companies, this apparently strange merry-go-round of dividends and rights issues may make a degree of sense, because pension funds can claim back the tax on dividends: if you "look through" or consolidate the corporate connection from the pension fund shareholder's point of view it pays 35 per cent tax on retained profits but only 13½ per cent on dividends. But there is no benefit for other investors, especially not for personal shareholders paying 40 per cent tax on dividends (and maybe 59 per cent from next year).

The cyclical parallel must be with 1981, when dividends grew by just 4 per cent against 12 per cent inflation. If you assume that inflation is only going to be 4 per cent next year, nominal dividends will have to decline by 8 per cent to generate a comparable adjustment in real terms.

This is not supposed to be a forecast because history provides a guide, not a duplicating mechanism. But only a big surge in company profits next year could generate any optimism about dividends – and major companies like British Steel are coming face to face with the nasty possibility that things could get worse rather than better.

In practical terms it seems inevitable that we are entering an extended period of very slow dividend growth, whether because cover is historically low, profits are sluggish or takeover activity is low. In the long run it will be seen to have been an inevitable consequence of currency stability. Inflationary forces have driven British investors to seek income from equities, but in other countries people buy bonds for this purpose.

Maybe one day not too far away Paddy Linaker's customers will realise they should, too.

FINANCE AND THE FAMILY

London Markets

Nostalgia isn't what it used to be

THE FAD for evoking the 1950s, most noticeable in television advertisements for jeans and soft drinks, has now spread to the Bank of England. The latest issue of its quarterly bulletin, published this week, conjures up a future that looks just like the past: Rootes cars, John Bloom washing machines, Emil Savundra and Davy Crockett hats.

You cannot, of course, find those vanished items mentioned in the pages of the bulletin, a staid white document written in mandarin's prose. But you can find a clear hankering for the conditions that created them.

Underlying inflation, says the bulletin, "remains above the 3 per cent annual average rate of inflation in the United Kingdom between the end of the Korean war in the early 1950s and the beginning of the Vietnam war in the late 1960s. There is no reason to suppose that the UK economy is incapable of returning to those inflation rates nor, eventually, of attaining price stability."

By Bank of England standards, that paragraph counts as a passionate declaration of yearning. And though in the past such sighs from Threadneedle Street have never had much practical effect, we will have to pay attention in future if not to our own central bankers then to the equally nostalgic gentlemen in Frankfurt.

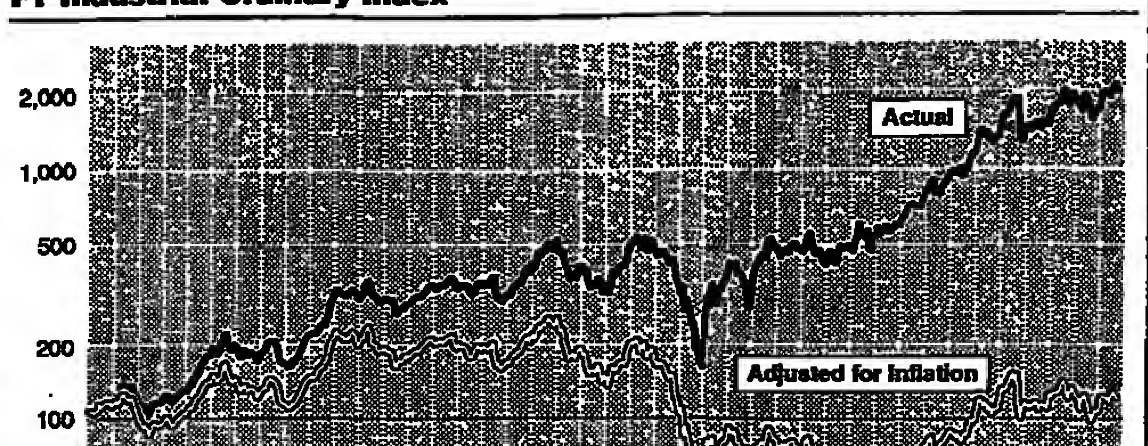
So what does the future look like, if it is thus to resemble the past? Well, the 1950s and early 1960s were, in many ways, a golden era, not least for the stock market. The FT 30-share index rose from 103.1 in 1952 to 377.8 in 1964 (it is now 1,948.6). But those years did not look quite so wonderful at the time – Harold Wilson won the 1964 general election partly because the public warmed to his condemnation of the period as 13 wasted years of Tory misrule.

Now, as John Major prepares to fight an election after another 13 years of Conservative government, the echoes of the past are all around us. Above all, perhaps, the UK is committed to the fixed exchange rates which gave both Conservative and Labour governments such problems in the early 1960s. They may soon be giving Major problems, too, if the pound's dip below what the market had thought of as the unofficial floor of DM 2.90 is a harbinger of sustained sterling weakness.

That ominous thought has its echo in the concluding sentence of the Bank of England's comment: achieving 1950s-style inflation, said the Bank, "will require flexibility in both product and factor markets, and the consistent application of counter-inflationary policies."

That is what the UK failed to demonstrate in the 1950s and early 1960s. This time, the counter-inflationary consistency is to be imported, thanks to the ERM; and the companies that prosper will be those, as the Bank implies, that demonstrate flexibility both of output and inputs.

FT Industrial Ordinary Index



Source: Datastream

Flexibility is probably most needed from the stocks with British in their names, and this week brought mixed news from three of them. British Steel announced disappointing results and hinted at a possible cut in the final dividend: the share price dropped 29p on the week, to close at 85½p. British Airways seemed to be reporting that the worst of the immediate travel recession was over: its shares rose 11p on the week, to close at 206p. And the prospectus for the government's £5bn sale of shares in British Telecom (now known as BT) left the regulatory future for the company unclear: the shares closed the week at 364p, down 2p. Since early October they have underperformed the market by 8½ per cent.

Two groups of shares had good news during the week. Pharmaceutical companies learnt that the US was taking steps towards speedier drug approvals: shares in Glaxo (up 63p to 845p) and Wellcome (up 100p to 897p) benefited. Wellcome's shares were particularly active on Thursday and Friday, in the wake of encouraging results. One pharmaceutical company with other things to think about was SmithKline Beecham. The news of speedier drug approvals was overshadowed by a UK-wide product recall for Lucozade, after a threat to contaminate the drink. The product was back on the shelves by the end of the week, however; the share price, which fell 10p on the day that news of the contamination threat broke, closed the week at 821p, down 10p.

Broadcasters also heard good news, as the government eased the levy on profits in the closing year of the current franchise licenses. This decision – which reflected both the difficult advertising climate of recent years and the need to give those companies that have lost their franchises a decent passage to the next life – caused BZW to issue a re-rating of the sector. The analysis was received favourably by investors, but led to little buying, and Thames Television – the most prominent franchise-loser – closed the week at 181p, unchanged.

One share did particularly badly: Ratners, the jewellery group, which closed on Friday at 49p, down 21p on the week. It is now 74 per cent below its April high of 189p. In part, this reflected familiar worries: the damage to the business's image caused by Gerald Ratner's incautious remarks about some of his cheaper products earlier this year, the debt load taken on to buy the Sterling and Kay chains in the US, and a string of failed auctions for the company's exotic AMPS securities in New York.

More topically, however, it reflected the view that though the economy might at last be recovering from recession, the Christmas shopping season – from which Ratners derives 90 per cent of its profits – was likely to be a lacklustre one.

On the face of it, though, Ratners looks like a perfect 1950s stock. Perhaps its poor performance this week is an indication that, whatever the Bank of England thinks, things ain't what they used to be.

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2546.6	-12.4	2679.6	2054.8	Sterling weakness
Body Shop Intl	336	+24	336	178	Interim profits up 37%
British Airways	217	+11	223½	122	Interims above expectations
British Steel	85½	-29	149	83	Poor figures
Burmah Castrol	541	-23	614	473	Nomura downgrade profits forecast
Electrocomponents	238	-25	268	193	Interim profits down 18%
Euromoney Publ	528	+110	529	338	Significantly improved results
FKI	52	-14	78	35	Int profits/div halved
Glaxo	845	+63	873	400	US share split
Ratners	49	-21	191	45	Downgrades/Xmas sales fears
Reuters	903	-88	1003	673	Caution from company
Steetley	323	+23	424	257	Takeover speculation
Tiphook	441	-79	587	305	Speculation over finance worries
Wellcome	897	+100	926	404	Popular results
Yorkshire Chems	549	+33	553	327	Active buyer

Serious Money

UK inflation: down but not out

By Philip Coggan, Personal Finance Editor

SPEND FOR Britain. That seems to be the subliminal message the government is trying to convey to UK consumers.

The British economy needs the kick-start of consumer confidence if it is to accelerate out of recession. When a retailer reports results, every semi-colon of the chairman's statement is examined for evidence that the big spenders have returned.

Consumers can be forgiven for being confused. Less than two years ago John Major produced a "budget for savers" which introduced the Tessa. Everyone was telling us that saving was a good thing.

Major was responding to the consumer boom of the late 1980s when we borrowed and spent like mad. High interest rates (and their inevitable recessionary consequence) have put a stop to that.

Instead of spending, we are using our money to repay our debts. Figures published recently showed that consumer debt fell by £107m in September; a European Marketing Information survey this week found that 22 per cent of Britons would use a £5,000 windfall to pay off their debts, compared with only 9 per cent of Frenchmen.

Some see this as part of a permanent shift in behaviour which will turn us into responsible consumers. It seems much more likely to be a response to fear of unemployment, uncertainty about future rises in income and the fact that rates of interest on most consumer debts are still high.

When the economy recovers, we will be spending again. Patience is not a modern British virtue – when we want consumer goods, we want them *now*.

It is rather like recovering from a hangover. For days, we steer clear of alcohol and tell ourselves that never again will we drink. Then after a while someone offers us a glass of wine and we think "where's the harm?". Two weeks later, it is the office Christmas party and we wake in the morning with a furry tongue.

For similar reasons, I am rather suspicious of the idea that we are due for the "disinflationary 90s". In simple terms, the argument runs as follows. Britain has joined the exchange rate mechanism, which means that governments will not be able to stimulate the economy by letting the pound depreciate (with ultimately inflationary consequences). We shall have to manage our economy in line with the responsible Germans.

Exporters will have to keep costs and wages down to remain competitive at a stable exchange rate. They will be helped by the fact that the power of the unions has been broken. Permanently higher unemployment will also keep the lid on wage rises.

'In the mid-1980s it was proclaimed that inflation was beaten. The celebrations were premature'

An ageing population, dependent on savings, will not want to vote for inflation. What is more, the borrowing binge caused by the financial deregulation of the 1990s was a one-off, not to be repeated, and its after-effects are causing a "monetary implosion" which will reverberate throughout the 1990s.

These arguments have considerable force, so why am I suspicious? Partly because in the mid-1980s it was widely proclaimed that inflation was beaten. The celebrations were premature.

It also seems unlikely that governments, in Britain or elsewhere, will find it easy to follow paths of inflationary rectitude in the 1990s. The US has shown that once voters have absorbed the Reagan/Thatcher tax cutting philosophy, they are unwilling to accept future increases.

At the same time, spending programmes are hard to cut. The result is a huge and intractable budget deficit in the US. The UK is now moving into deficit – and will probably stay there for a long time. One wonders whether the Germans can maintain their anti-inflationary record in the face of the understandable demands of their new eastern population, not to mention the burden .

The idea of a low inflation, low growth, high unemployment economy may be attractive to bankers and investors but it is hard to believe that it will be popular with voters. Opposition politicians will have a large number of populist cards to play against such governments.

At the moment, of course, the US has low inflation in spite of its budget deficit. It has been able to finance its deficit by selling long term bonds – whether it can do so indefinitely is another question, especially with so many other parts of the world demanding capital. The temptation to print money, especially given the banking crisis, seems certain to increase.

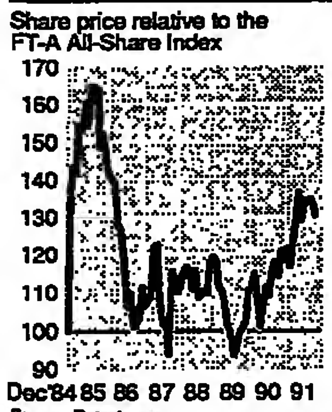
It is easy to believe, at this stage of the economic cycle, that inflation is beaten for good. It is likely to be low for the next couple of years, if the evidence of money supply figures is reliable. But the more people believe that inflation is conquered, the more governments will be led into relaxing their inflationary guard.

So when the economy recovers, and we cheer up Norman Lamont by spending again, do not get too carried away. A return to 20 per cent inflation is not so likely, but 5 per cent is quite possible. Remember to include some inflationary protection in your investment portfolio, such as index-linked gilts or National Savings. The world may be sobering up after its latest inflationary spree, but it has not yet proved it has forsaken the bottle.

AT A GLANCE

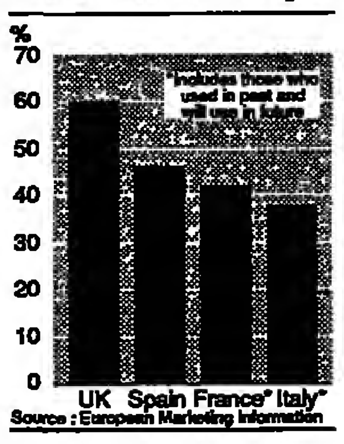
BT

Share price relative to the FT-A All-Share Index



Source: Datastream

Credit use in Europe



Source : European Marketing Information

Small investors look to BT for profits

BT shares have enjoyed two periods of outperforming the All-Share. The first was the year or so following the 1984 flotation; the second started in late 1989, as investors remembered BT's defensive qualities in a recession, and ended only a month or so ago. The chances of future outperformance are uppermost on investors' minds this week as the draft prospectus for the second sale of government shares was published.

Attractive discounts – Page IV

Britons still have an urge for credit

The British may be trying to pay down their debts (see Serious Money on this page) but they still enjoy more credit than their continental counterparts.

The bar chart above shows how credit use in the UK is substantially higher than in France, Spain or Italy. European Marketing Information also found that 42 per cent of Britons use credit on a day-to-day basis, double the percentage of French, Italians and Spanish.

Scottish Mutual taken over

The largest demutualisation of a UK life company was confirmed on Monday, when Scottish Mutual policyholders voted in favour of acquisition by Abbey National.

In the poll for the takeover and demutualisation of the society 36,470 policyholders voted in favour, with 3,189 voting against. At the meeting, the takeover was approved by 193 to 36 on a show of hands.

Investment group is fined

Invesco MIM has been fined £75,000 by Imro, the investment managers' regulator. Imro found an internal accounting failure, which led to a £2.7m shortfall in client accounts held in Personal Equity Plans (PEPs).

There is no suggestion that investors' funds were mishandled, and Invesco has already made significant progress in resolving its problems, according to the regulators.

However, Invesco failed to keep adequate records of transactions with planholders, did not properly reconcile client money and customer assets and did not maintain adequate accounting controls. The company admitted that the heavy demand for PEPs in 1989 had taken it by surprise.

Smaller companies edge ahead

Small company share prices made marginal gains this week. The Hoare Govett Smaller Companies Index (capital gains version) rose to 1261.08 (from 1260.37) in the week to November 14, while the County Smaller Companies Index rose 0.12 per cent to 1010 in the six days to November 13.

Wall Street

A recession trapped in the political gridlock

I WAS standing on the corner of 54th Street and Fifth Avenue this week unable to move, caught in a crush of disgruntled New Yorkers. We were imprisoned in the middle of a human gridlock by a small army of policeman, who were guarding the route President Bush was taking from his midday fund-raising lunch to his afternoon fund-raising tea.

After a half-hour wait, the presidential limousine rolled past. In the back George Bush, fresh from a speech that blamed Congress for the recession, smiled and waved happily, oblivious to the fact that most of the people in the crowd were cursing him under their breath for having kept them waiting so long in the November cold. A grim-faced man standing next to me muttered something about being late for a job interview.

Down on Wall Street, a similar inability to come to terms with events in the real world outside gripped the stock market. A torrent of bearish economic statistics poured forth from government departments, but share prices kept inching higher.

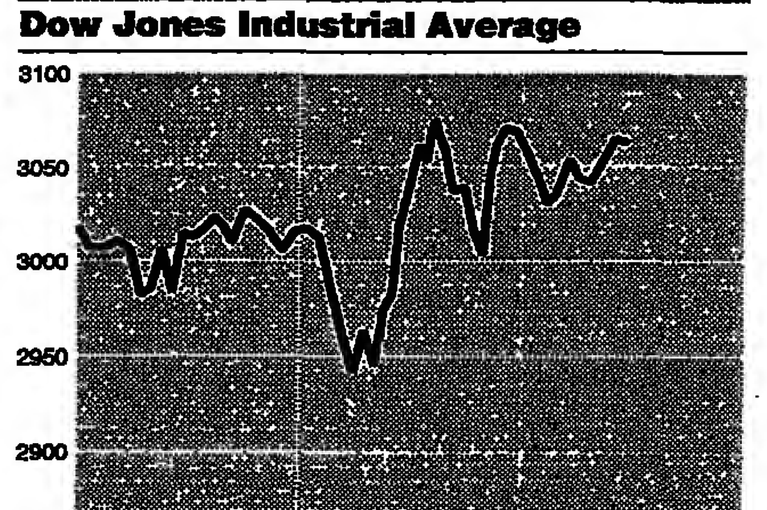
The Dow actually came within a few points of its all-time high at one stage, and the price/earnings ratio on the Standard & Poor's 500 index climbed to a giddy 22.04, close to the levels seen in the market just before the 1987 crash.

The week's published data, meanwhile, showed an economy trapped in a spiral of rising unemployment, declining sales, waning consumer confidence and stalled industrial production.

The state of the jobs market remains the greatest worry, a point emphasised by Wednesday's report that in the last week of October another 33,000 Americans submitted claims for state unemployment insurance.

Conventional theory has it that companies hire more people as an economy pulls away from recession. Not this recovery. Large US corporations have been making thousands of staff redundant as they struggle to pare costs in an unfriendly economic environment. Normally, these lost jobs would be offset by new hirings. New job creation over the past six months, however, has risen by a pathetic 0.26 per cent, about one fifth as much as in the first six months of every economic recovery since 1945.

Dow Jones Industrial Average



Inevitably, the reality, or the threat, of unemployment has curbed consumers' spending habits. Figures this week showed that retail sales in October fell by 0.1 per cent. Again, conventional wisdom – that consumers spend more during an economic recovery – is being confounded. Yesterday, the University Michigan reported that it's index of consumer sentiment fell from 78.3 per cent in October to 70.7 per cent in early November. The outlook for consumer confidence was no better; the Michigan "expectations" index also fell sharply.

Until consumers start spending, or planning to spend, the recovery will remain stuck in the starting blocks. In a misguided attempt to persuade consumers to spend, Congress this week came up with a scheme to get banks to lend more to consumers.

On Thursday the Senate passed an amendment to cap the interest rates banks charge on their credit cards. The amendment would put a ceiling on credit card interest rates of four percentage points above the rate the Internal Revenue Service charges on the underpayment of taxes. At the current IRS rate, credit card issuers would only be able to charge a maximum of 14 per cent, well below the average 19 per cent charged on most cards.

The idea behind the Senate's amendment is that if banks are forced to charge less on their credit cards, consumers will borrow, and spend, more. It is an argument with more holes in it than a Scottish golf course, a point the market wasted no time in making. Share prices of all the leading credit card issuers – Citicorp, First Chicago, Banc One, MBNA, among them – plunged after the vote on concern about what the legislation might do to bank profits.

As almost every bank analyst on Wall Street pointed out, capping credit card rates will make banks lend *less*, not more. Banks have been willing until now to lend to consumers on their credit cards, because the healthy profit margins more than offset the losses.

Putting a ceiling on credit card rates, however, would reduce profit margins, which would force banks to restrict credit in order to reduce loss levels. Simply put, if the Senate amendment becomes law, the credit crunch will be extended into the consumer sector.

If the stock market needed proof that US policy-makers have little grasp of the economic realities, the credit card cap proposal should do it. And where did the Senate get its idea for the cap from? President Bush of course, who in one of his New York speeches this week urged banks to lower credit card interest rates.

Monday	3042.26	– 3.36
Tuesday	3054.11	+ 11.85
Wednesday	3065.30	+ 11.19
Thursday	3063.51	– 1.79

Patrick Harverson

The Bottom Line

Wellcome has the antidote to recession

SPECTACULAR growth has, in recent years, been the UK pharmaceutical industry's hallmark. This week, Wellcome demonstrated the sector's striking and desirable ability not only to shake off recession but also totally to ignore the phenomenon.

While the rest of the economy struggles with sluggish demand, the drugs industry has no such problems. People fall ill whether they are becoming richer or poorer. At the same time, treatments are ever more expensive and complex.

Wellcome is the fastest-growing company in a fast-growing sector. Its talent for meeting expanding demand for healthcare products was demonstrated on Thursday when it posted a 28 per cent rise in pre-tax profits from £315.1m to £402.9m for the year to August 31.

Much of the improvement in margins, which increased 3.4 points to 24.6 per cent, was achieved through more effective control of the business by the new management. Analysts expressed surprise at Wellcome's strong cash-flow and its improvement in supervising working capital, as well as the reduction in capital expenditure. Net cash was nearly £200m at the end of the year.

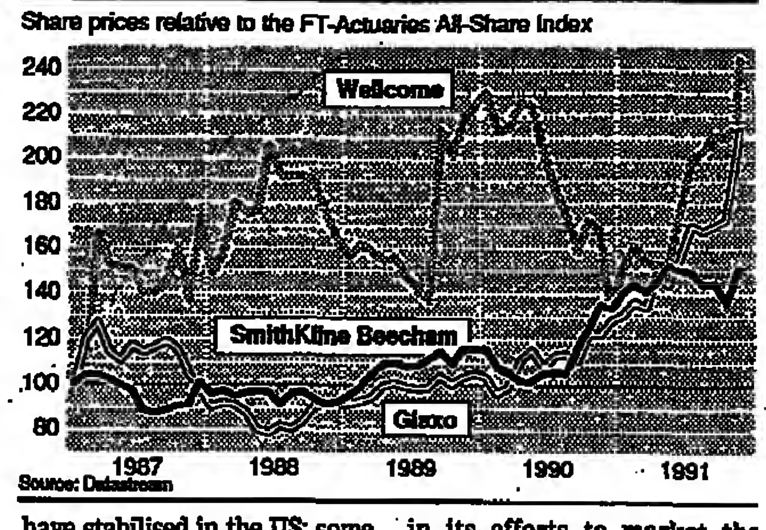
As a result, cost of sales rose from £375m to £394m, but fell as a proportion of sales from 25.5 per cent to 24.5 per cent. This was an improvement on last year when costs appeared to have run out of control.

Wellcome's revenues also improved. The prescription medicine business grew 18 per cent on an adjusted basis, while the consumer division increased about 9 per cent. Turnover grew 9 per cent from £1.468bn to £1.606bn.

The outlook for Wellcome looks rosy, according to Jonathan de Pass, an analyst at BZW. He believes the company should be able to squeeze a lot more value out of Zovirax, its best-selling herpes product, sales of which rose 26 per cent to £471m.

Sales of Retrovir (AZT), the anti-Aids drug, also look set to pick up, after a fall during the first half of the year. The company claims that dosing levels have stabilised in the US: some patients had been taking lower than recommended doses. Early bad publicity about the drug's toxicity have been overcome and there is evidence that the product works well in combination with other pharmaceuticals.

Share prices relative to the FT-Actuaries All-Share Index



Source: Datastream

John Robb, Wellcome's chief executive, said he expected the announcement in the US by "Magic" Johnson, the basketball star, that he was HIV-positive would help the company in its efforts to market the drug to HIV patients before they developed Aids.

Analysts are also optimistic about Wellcome's pipeline of drugs. The company has one of the best records in the UK for bringing out new products – one a year, for the last ten years. Its new anti-epilepsy drug was recently launched in Ireland and has already captured 6 per cent of the market.

"Wellcome tend to have niche products that don't always seize the imagination," explains Jonathan de Pass. "But it only takes a couple of drugs worth £100m each to have a significant impact on the business."

Admittedly, the company itself saw a few clouds on the horizon. John Precious, group finance director, warned that the company was vulnerable to weakness in the dollar. Nearly half of the companies sales are in the US. He said Retrovir was likely to come under increasing pressure from competitive products, particularly in the US. Finally, he said the full benefits of the company's disposal programme would not come through until after 1992.

However, in spite of the warnings, nearly all analysts were upgrading their forecasts for the current year following the results. Kleinwort Benson, for example, increased its forecast for the year to August 1992 by £25m to £500m.

"We have always projected that Wellcome would achieve the highest growth in the sector on a five-year view," said a Kleinworts analyst. "The results did not change that. We're not more optimistic than we were, but we are more confident our forecast will be met."

The question for private investors is whether there is still time to invest in pharmaceutical stocks and, if so, which one to choose.

James Culverwell at Hoare Govett said that even if pharmaceutical stocks under-perform a recovering market, they will still do well. If the market fails to pick up, they will continue to provide good value. He believes it may still be premature to be looking at cyclical stocks.

Wellcome is probably no longer as volatile as it was. Last year, its stock collapsed from 457p to 387p, after a £15m shortfall in pre-tax profits. However, the company has convinced analysts its future is not totally dependent upon Retrovir. It is therefore less vulnerable to occasionally unpredictable judgments from the US Food and Drug Administration.

Paul Abrahams

Options: only for the bold

Philip Coggan explains a complex — and risky — investment tool

OPTIONS ARE largely for investors with a gambler's instinct. If you are *absolutely convinced* that a share price is about to rise or fall, then an option is the most profitable way to back your judgment. But be prepared to lose everything if you are wrong.

The strict definition of an option is the right, but *not* the obligation, to buy or sell a given commodity at a given price within a set period.

You can trade options on almost anything, from currencies to pork bellies. But for most private investors, the logical place to dip into options is the stock market. There are about 70 shares on which options can be purchased.

The key thing to grasp about options is the *leverage*, the opportunity to make a substantial gain with only a comparatively small stake. The price of the option – the premium (see the "jargon box") – is only a fraction of the share price. But the leverage also means that the chance of losing all of your investment is high.

So this is not a market for widows, orphans, or anyone who might have their sleep disturbed by money worries. You should only invest money you can afford to lose.

To illustrate the leverage, imagine an investor who buys an option to buy shares (a call option) in Amalgamated Widgets at 550p in April. The current Widget share price is just 500p so the option has no intrinsic value and can be bought for 6p per share.

Suppose General Consolidated then launches a bid for Amalgamated Widgets at 600p. The price of the call option soars to 60p, since it now has 50p of intrinsic value and it still has a bit of time value. Someone who bought the call option will have seen its value multiply tenfold. But someone who bought Amalgamated Widget shares will only have enjoyed a rise of 20 per cent, from 500p to 600p.

But suppose, instead, that something disastrous happened to the company in March next year, such as its widgets having to be recalled because of design problems. The share price slumps to 400p. The optionholder finds that his option is worthless, since no-one wants the right to buy shares at 550p. He has lost 100 per cent of his money. The shareholder, in contrast, has only suffered a decline of 20 per cent, from 500p to 400p.

To add to the difficulties (see right) the costs of dealing in options means that the price may need to rise substantially before you make a profit.

Two types of option are available – the *traditional* option, which can only be exercised on one day and is rather inflexible, and the *traded* option, which can be exercised at any time and can also be bought and sold well before the exercise date. Traded options are now much more popular.

Choosing which traded option to buy is complex. You normally have a choice between three different time periods, set three months apart. You can also choose between two or three strike prices – the price at which you can exercise the option. So, for example, on Thursday morning you could buy a call option on British Airways at 180p, 200p or 220p for January, April or July 1992.

The longer the expiry date, the more expensive the premium. So the April 200p BA call option costs 29½p, and the July option 45½p. The relationship between the strike price and the share price is also vital. The BA price was 222p on Thursday, so obviously the right to buy in April at 200p (premium 29½p) was more costly than the right to buy at 220p (premium 19½p).

The options which are "cheapest" are thus those which have little time to run and where the strike price is well adrift of the share price.

For example, the December 300p Abbey National call option was trading on Thursday at just 2p. But the share price would have to move a long way in a short time for the optionholder to make a profit. The chances of such an option expiring worthless are very high.

It is also worth noting that options on companies with volatile share prices (for example, Eurotunnel) will be more expensive than options on companies with more stable prices. The advice of a broker is vital.

Options also have a use for insurance purposes. They allow you to "lock in" a price for your holdings, and protect you from a sudden plunge.

Suppose you had acquired BA shares at the recent low of 126p, and wanted to protect your gain but preserve the right to participate in any upward movement.

You could buy the right to sell BA shares at 220p in April (a put option) for a premium of 13p. If BA shares plummet, you can exercise the option to sell at 220p. If they rise, then you can let the option lapse. The extent of your loss is 13p, plus associated costs.

The same principle applies to your portfolio. Options are available on the FT-SE 100 index, so if you fear a market fall in the near term, but you do not want to miss out on a rise, you could buy a Footsie put. If you buy sufficient puts, the loss you incur on any market fall will be balanced by the gain you make on the option.

Selling an option (*writing* in the jargon) means that you get the premium in return for someone else having the right to buy or sell you shares.

Only one method of writing options should seriously be considered by private investors, and that is writing a call option on shares you already own. If you feel that, say, BA shares are unlikely to move much from the current price of around 220p, then you can write a call at that price and take the premium of 19½p.

Provided the shares do not rise above 240p, the investor is unlikely to exercise the option and you have earned some useful income on your shares. But if the share price does rise above 240p, you will have given up all of that gain.

You should never write an option on shares you do not own. Your maximum gain is the premium, your loss is theoretically infinite.

The same goes for writing a put option. Suppose you sold the BA 200p April put at 13p on 3,000 shares for a premium of £390. The next day all BA's aircraft developed a structural fault and the share price fell to 50p. The investor exercises his option to sell 3,000 shares at 220p, at a cost to you of £6,600. You now have shares worth £1,500 in the market, a loss of £5,100 – and all for the chance of gaining £390.

It is hard to believe that any private investor could be naive enough to write a put, but several did so before the 1987 crash – at enormous personal cost. Writing puts is like wandering into a Las Vegas casino with your life savings.

A GUIDE TO THE JARGON

A **call option** gives the right to buy a security at a given price, called the **strike price**.

A **put option** gives the right to sell.

The **premium** is the price you pay to acquire an option.

A **traditional option** cannot be traded. Profits can only be made by exercising the option.

Traded options can be bought and sold. The holder can thus make a profit without waiting for the exercise date.

An **in the money option** is one which has **intrinsic value**, that is it could, in theory, be exercised immediately to earn a surplus. A call option to buy shares at 300p has intrinsic value of 50p when the share price is 350p – in other words, one could exercise the right to buy at 300p and immediately sell the shares at 350p. However, the premium on an in-the-money option is normally greater than the intrinsic value.

An **out of the money option** is one which has no intrinsic value. It does, however, have **time value** since the longer the period before exercise, the greater the possibility that prices will eventually move so that the investor can make a profit.

Writing an option is the term used to the practice of granting an option to someone else.

How to take the plunge

ONCE YOU have assessed all the risks of option trading and decided that you want to deal, how do you go about it?

Options are only really appropriate for more sophisticated investors, so we will assume that you have previously dealt in shares and have already found a stockbroker.

Before the broker allows you to deal in options he or she must send you a risk disclosure form and get you to sign a letter of authority, supplied by the Stock Exchange, which states that you understand the risks involved.

Once you have done that, the broker will probably require you to put funds on deposit (which will earn interest) to cover any option trades. Options are settled for cash on the next working day so the broker cannot afford to wait for your cheque to clear.

With all that in place, you can now purchase an option. In the vast majority of cases, the minimum option size is for 1,000 shares. So in the case of Marks and Spencer's April 300p calls (Thursday morning price 19½p), you will pay at least £195.

There are costs as well, of course. You must pay the broker's minimum commission – probably at least £30 – when you buy or sell and a dealing and clearing fee as well. Private client broker Killik charges £2.50 per contract.

In addition, the 19½p price quoted above is only the mid-price. As with shares, there is a buy-sell spread. That spread could be considerably larger, in proportion, than the spread on the shares. The good news is that there is no stamp duty on option transactions.

Nevertheless, the assorted costs means that your option will have to gain substantially in price before you make a profit. Graeme Hatch of Killik accordingly recommends that you should not deal in option contracts that are worth less than £500.

If you do not like the prices on offer, you can give your broker a limit and he will put your price on the public limit order board, where it will receive dealing priority.

If your option moves into profit, you have the choice between exercising the option and (assuming you have a bought a traded option) selling it.

According to Graeme Hatch, in the vast majority of cases, selling the option is better than exercising it. This is because the intrinsic value of the option (the difference between the strike price and the market price) is fully reflected in the premium, and some time value is added on top.

For example, were the Marks and Spencer share price in our example to rise to 350p, then you could obviously make a 50p profit by exercising the call option at 300p. But depending on the time before expiry, the price of the option would be likely to rise to at least 60p.

Writing an option is a more complicated process as you need to put up a margin payment, usually about 20 per cent of the value of the shares being optioned. You can put up shares as collateral. The obvious choice is the shares being optioned, but if you are doing a lot of trading Graeme Hatch says that you may want to use a portfolio of gilts instead.

Should the option actually be exercised, you will receive a contract note saying you have sold the shares. The premium is yours to keep.

Philip Coggan

BA option prices: Nov 14

Strike Price	Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
180	42	46½	50½	½	2½	4¼
200	24	29½	45½	3	6	9¼
220	11	19½	23½	9½	13	17½

Mid-prices as of Thursday morning

Company charge card shock

ANYONE who thinks that company charge cards are a safe way of spending someone else's money should think again. If your company folds, and you hold one of its charge cards, you could be asked to foot the bill, especially if you are a director.

That was the experience of Franklin Roberts, chief executive of a small design company in Gwent, of which he was a director but not a shareholder.

Six months after it went into administrative receivership, Roberts was given abill for £973, from American Express, for money spent on his company card over the two or three months before it went into liquidation.

Amex told him to pay the bill within seven days or face the consequences. A year later Roberts and his lawyers are still battling.

His first instinct was to tell American Express that the company had gone into administrative receivership and that it would have to take its place among the other creditors.

He was surprised to discover that he was personally held liable for card spending. His attention was drawn to the small print in the agreement he had signed.

American Express's solicitors wrote: "If he did not like the terms and conditions, he should have cut the card up and returned it requesting cancellation."

Liability of the cardholder to pay for his or her own charges is brought to the attention of every applicant on no less than three occasions, they said, adding that expenses are not always incurred solely on company rather than personal business.

"It is not obvious to American Express that the cards were issued for use in connection with business expenses. It should come as no surprise to you that many, many cardmembers use the cards for their own personal use especially when they are aware that the company is in financial difficulties," wrote Amex, though it added it was not levelling such a charge against Roberts in particular.

This is a possibility which Roberts firmly denies. He says he can show that all the *expenses involved were company business.*

Amex said if a company goes bust, it usually tries to collect from directors but not from ordinary employees. It also takes a view on whether the spending was business or personal.

If you hold a business card, read the small print before you sign. Not all card companies make the holder personally liable. Barclays, one of the other main business card issuers, says that its business card does not carry a financial obligation for the holder.

David Barchard

Discounts make BT attractive

***Roland Rudd and Hugo Dixon** on the value of the latest flotation for small investors*

THE SHARE price of BT has been so buffeted over the past month by regulatory concerns that small investors could be forgiven for thinking that the government's £6bn BT sale is not for them.

However, so generous are the discounts on offer that retail investors have a substantial cushion. Even if the share price continues to fall small investors still stand to make a profit.

To be eligible for the discounts, small investors must register with the share information office (0272-272272) by Monday. The total discount will be worth between 40p and 50p, compared with the price paid by institutional investors.

Part of the discount will be received upfront when investors pay their first instalment of 110p by December 4. Institutions, on the other hand, will be paying between 120p and 130p.

The rest of the discount will be paid in the form of "money off" when investors pay for the second and third instalments, due in July 1992 and March 1993 respectively.

The discount on the second instalment will be about 15p on the 120p paid by institutions, as will the third discount. But this price will only be set on December 9 – after small investors have sent in their cheques.

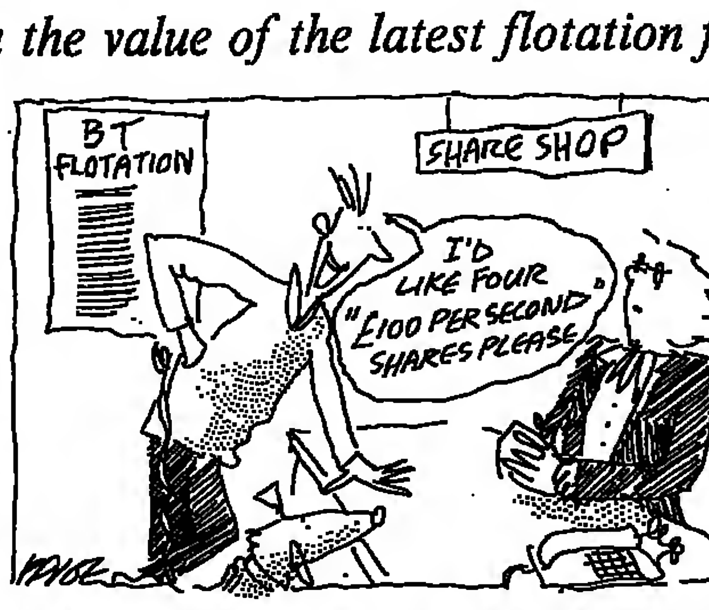
The final instalment will reflect the price at which institutions bid for shares. The government argued this week that this would provide comfort to small investors as the large investors would only be bidding what they considered a fair price after considering the balance of risk and reward.

Instead of receiving discounts on the second and third instalments, small investors can elect to receive one bonus share for every ten that they continue to hold until the end of 1994.

The minimum investment will be 100 shares. Discounts will only be enjoyed on a maximum of 1,000 shares. Investors opting for bonus shares can receive these on allocations of up to 1,500 shares, providing a maximum of 150 free shares. Investors can still apply for more shares but they will not enjoy the incentives on amounts above the maxima set.

Potential investors are being encouraged to nominate one of eight share shops as well as registering with the share information office. If demand for shares is heavy they will get preferential treatment. Individuals who apply through stockbrokers or other financial intermediaries will get the same incentives and preferential treatment.

Those nominating share shops will also be able to buy



and sell BT and other popular stocks at a cheap rate. This is part of the government's strategy of trying to promote wider share ownership.

The partly-paid shares will be entitled to the full dividend for the 1991-1992 financial year. The interim dividend of 5.7p will be paid in at the end of February.

Telecommunications is a growth area and BT, with pre-tax profits of £3.08bn in the 1990/91 financial year, shows that the potential rewards for investors are considerable. However, that are four main concerns over whether BT will be able to continue increasing its earnings by the 14 per cent a year it has achieved since its privatisation in 1984.

■ Regulation. Oftel, the industry regulator, will review BT prices next year. Following the *Financial Times'* analysis that BT could cut its prices by £1bn a year and still make a profit comparable with other leading telephone countries across the world, there is likely to be pressure on Oftel to tighten regulation.

Sir Bryan Carsberg, Oftel director general, made clear in the prospectus, published this week, that he is keeping his options open as to what he might do in next year's price review which will be implemented in July 1993.

If Oftel fails to agree a price formula with BT, it may refer it to the Monopolies and Mergers Commission. This could be damaging to the company as a MMC reference would probably not be limited to prices, but could also look at whether the company should be broken up and probe its overall efficiency.

■ Politics. While the Labour party has abandoned plans to renationalise BT, it favours more regulation. With a general election due next year, Labour's policy is increasingly relevant. The Liberal Democrats are calling for the company to be broken up.

■ Competition. Mercury Communications has been steadily eroding BT's share of the market. The prospectus revealed that BT's share of the business market – where it earns most of its money – fell to 92 per cent in the year to the end of September, compared with 94 per cent in the year to the end of March. Its share of the particularly lucrative international market fell to 83 per cent from 85 per cent over the same period.

This year's review of the BT/Mercury duopoly has opened the telecommunications market to further competition. Large US telecommunication companies are already competing in the local telephone market and rivals are emerging on long-distance routes.

There is no harm in registering, and unless the market collapses over the next few weeks, there should be some short term profit for small investors.

Pension rebates may be cut

__Norma Cohen__ on possible government changes to personal pensions

THE GROWTH in personal pensions owes a lot to the government. After all, it was the decision to offer tax rebates to those who opted out of the state's retirement system that encouraged many to pile into private pensions.

But now the government's own actuary *has recommended that these tax* breaks for individuals be sharply curtailed, because they cost far more than can be saved in reduced social security costs. Now it is up to the government to decide if it is worthwhile spending additional tax revenues to encourage personal pensions.

"The sales message from those who sell personal pensions is that the government is bribing you to opt out of the national insurance scheme," said Stewart Ritchie, pensions manager at Scottish Equitable.

The rebates, paid directly to the providers of private pensions on behalf of individuals, allowed subscribers to pay sharply lower premiums for benefits. Because of actuarial calculations, they proved particularly generous to young people whose premium payments would anyway have been relatively small.

More than 4m people with no employer pension cover have now given up their right to the government's Guaranteed Minimum Pension in favour of those from a private provider.

The GMP is an additional benefit paid to retired people because it was widely recognised that the State Earnings Related Pension Scheme left many with too little to live on.

However, the government did not wish to encourage employers to shift the burden of providing reasonable pension benefits to the state, nor did it wish to saddle itself with an insurmountable bill in future years. So it offered tax rebates both to employers who ran occupational pension schemes and to individuals who purchased benefits privately.

In a report released last month the actuary recommended that the tax rebate be cut to 4.68 per cent of average *income from the current 5.8 per cent.* When the effects of tax and an additional 2 per cent rebate to first-time buyers of private schemes are added, the current rebate is 8.47 per cent – roughly £1,490 per year.

Under the new proposals, that would fall to approximately 5.22 per cent. The highest level of rebate only affects those who are not covered by an occupational pension scheme and are opting out of the government scheme for the first time.

That the actuary should recommend a reduction comes as no surprise to the pensions industry. A highly critical report of the rebate scheme, released last year by the National Audit Office, concluded that the value of the rebates far exceeded the sum the government could save in pension payments to those who opted out. The NAO estimated that the rebates would cost £5.9bn between 1988 and 1993.

The new proposed rate is marginally lower than the actuary had been expected to recommend. The actuary has to review the level of rebate every five years and the new rate, once set, will take effect in 1993. In 1988, when the current level of rebates was established, government ministers conceded the terms were generous but said they were intended to encourage individuals to favour private pension schemes.

The reductions in rebate will also affect occupational pension schemes which also benefit. However, employers' groups are widely expected to accept the less generous terms. David Morgan, pensions manager at Rowntree, described the new rebate terms as "reasonably fair". The current scheme, he said, "is on the generous side".

Alan Jenkinson, policy director at Noble Lowndes, the pensions consultancy, said that if enacted, the recommended rebate will lower the age at which it becomes advantageous for individuals to opt back into the government scheme – something they are still allowed to do. Currently, rebates *make it worthwhile to remain in a private* scheme until the mid-40s. However, Jenkinson said that the actuary's proposals will force people to opt back in about 10 years earlier.

Meanwhile, Jenkinson said, research suggests that those opting for private pensions are quite sophisticated about the effects of the government's rebate.

Significantly, in publishing the actuary's report, the Department of Social Security explicitly ruled out offering differing rebates based on age. Establishing larger rebates for older people at the expense of smaller ones for those in their 20s could keep people in private schemes longer. However, such tilting could also fail to offer sufficient inducements early on to encourage people to opt out.

Mortgage proposals

PROPOSALS for the first shake-up in the law on mortgages since 1925 were presented to the Lord Chancellor by the Law Commission this week. They may eventually form the basis for a new Act of Parliament.

Suggestions for changes include a proposal that there might be legal penalties for lenders who raise interest charges too rapidly and fail to bring them down again.

The proposed new law would protect borrowers against unfair practices by the lender, as well as unreasonable refusal or delay in cutting the mortgage rate.

Courts might be given the power to change interest rates and to cancel or alter any term in the mortgage agreement judged unfair.

The borrower would receive a mortgage document spelling out the new legal protection and remedies he has. If a lender wanted to call in a mortgage, the borrower could have the instalments rescheduled if that meant he could pay it off.

The lender could not take possession or sell the property without court permission and interest payments would be halted 12 weeks after possession.

It is not yet clear whether these proposals will become law.

Mortgage lenders are unlikely to be very enthusiastic about some of these ideas. The Council for Mortgage Lenders says it is still studying the proposals. But it is surprised to see the Law Commission suggesting that the courts should be allowed to intervene in interest rates and product pricing.

David Barchard

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bailey (CH)	Mar	864 L	(103)	-	(0.19)	-	(-)
BOC Group	Sept	310,100	(350,200)	193.5	(239.0)	22.0	(20.4)
Burton Group	Aug	11,200	(146,100)	-	(15.0)	2.7	(5.2)
Dickie (James)	Aug●	206	(314 L)	5.8	(-)	-	(-)
Drayton Asia Tst.	Sept	2,540§	(3,180§)	0.92	(0.99)	0.7	(0.7)
Ensign Trust	Sept	825 ♣	(4,156♣)	0.33	(1.33)	0.3	(0.3)
Euromoney Publications	Sept	10,300	(8,820)	33.43	(27.88)	22.5	(18.5)
Five Oaks Invests.	Jun	9,370 L	(657)	-	(3.13)	-	(1.0)
Fleming Japanese Inv.	Sept	859 ‡	(594 ‡)	1.1	(0.76)	1.0	(0.75)
Gleeson (MJ)	Jun	11,850	(11,672)	75.5	(74.9)	11.86	(10.77)
Honeysuckle Group	May	275	(170 L)	2.0	(-)	1.0	(-)
Jessups	Aug	490 L	(1,400)	-	(6.06)	4.5	(7.0)
Manganese Bronze	Jul	949 L	(4,660)	-	(18.14)	1.0	(8.0)
McLeod Russell	Sept	4,420	(7,750)	6.81	(13.4)	5.85	(5.8)
National Home Loans	Sept	47,900 L	(30,200)	-	(15.6)	3.75	(9.8)
New Cavendish Estates	Jun	28	(103 L)	-	(-)	-	(-)
Rosehgh/Stanhope Dev.	Jun	60,400 L	(41,100)	-	(-)	-	(-)
Sidlaw Group	Sept	8,300	(6,700)	18.1	(15.6)	9.0	(8.0)
Specialist Computer	Mar	5,200	(4,700)	-	(-)	-	(-)
Tomkinson's	Sept	1,280	(1,580)	13.9	(16.6)	11.5	(11.5)
Wardle Storeys	Aug	8,190	(11,080)	22.6	(29.8)	16.0	(15.0)
Wellcome	Aug	402,900	(315,100)	29.3	(22.7)	10.0	(6.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Irish Bank	Sept◆	87,800	(121,300)	3.6	(3.5)
Amersham Int'l.	Sept	8,400	(7,200)	3.7	(3.7)
Bank of Ireland	Sept◆	38,800	(21,200)	3.33	(3.33)
Betterware Consumer	Sept	2,810	(1,710)	0.85	(0.68)
Bimec Industries	Sept	3,000	(2,000)	0.57	(0.5)
BMSS	Jul	254	(675)	2.0	(2.0)
Body Shop Int'l.	Aug	9,150	(6,690)	0.68	(0.52)
Bogod Group	Sept	102	(90)	0.1	(0.1)
Boots	Sept	162,500	(149,200)	4.3	(4.1)
British Airways	Sept	185,000	(320,000)	2.94	(2.8)
British Steel	Sept	19,000	(307,000)	3.0	(3.0)
Cater Allen	Oct	-	(-)	6.0	(6.0)
Drayton English Tst.	Oct	2,360§	(2,930§)	0.6	(0.9)
Electrocomponents	Sept	20,300	(24,700)	1.9	(1.8)
FKI	Sept	13,500	(26,300)	1.0	(2.0)
Folura Holdings	Jul	940 L	(550 L)	-	(0.5)
General Accident	Sept†	26,200 L	(4,400 L)	-	(-)
Great Portland Est.	Sept	17,520	(17,150)	3.4	(3.4)
Hardy Oil & Gas	Sept	1,740	(1,830)	-	(-)
Harlstone Group	Sept	6,200	(2,300)	1.88	(1.25)
Heath (CE)	Sept	12,300	(10,200)	7.5	(7.5)
Household Mortgage	Sept	2,540	(704)	-	(-)
Land Securities	Sept	111,800	(102,700)	8.0	(7.33)
Leigh Interests	Sept	7,100	(6,700)	2.46	(2.40)
London & Metro.	Jun	14,960 L	(88,840 L)	-	(-)
London & O'Seas	Septǂ	1,240	(1,110)	-	(-)
Marshalls	Sept	7,130	(9,210)	1.25	(1.25)
Merchant Retail	Sept	1,220	(1,370)	1.1	(1.1)
Meyer Int'l.	Sept	16,500	(25,800)	4.2	(4.2)
Midland & Scottish	Sept	3,000 L	(9,500)	-	(-)
Oceana Consolidated	Sept	115	(1,090 L)	-	(-)
Oxford Instruments	Sept	4,200	(8,000)	1.4	(1.35)
Personal Assets Tst.	Oct	117‡	(117‡)	0.75	(-)
Platon International	Sept	299 L	(103)	-	(-)
Ports. & Sunderland	Sept	2,600	(3,110)	2.73	(2.6)
Powell Duffryn	Sept	6,890	(12,100)	6.6	(6.6)
Regalian Props.	Sept	6,420	(5,230)	1.5	(1.5)
Rexmore	Sept	639	(524)	0.7	(0.7)
Royal Insurance	Sept†#	214,000 L	(91,000)	-	(-)
Scottish Value Tst.	Sept	-	(-)	0.625	(-)
Shaw (Arthur)	Sept	113	(235)	1.3	(1.3)
Shell/Royal Dutch	Sept†	1.37bn♥	(2.097bn♥)	-	(-)
Shires Investments	Sept	4,160§	(4,080§)	8.3	(7.9)
600 Group	Sept	2,320 L	(1,650)	1.0	(1.5)
Sotheby's Holdings	Septǂ†	18,000 L	(5,440 L)	-	(-)
Staveley Industries	Oct	9,000	(11,000)	2.3	(2.3)
Storm Group	Jun	50	(74)	-	(-)
Tie Rack	Aug	972 L	(674 L)	-	(-)
Turnbull Scott	Sept	481	(760)	-	(-)
Ultramar	Sept†	16,000φ	(45,100φ)	-	(-)
Unilever	Sept†	545,000	(496,000)	5.03	(4.86)
VSEL Consortium	Sept	22,400	(16,540)	8.0	(7.0)
Waddington (John)	Sept	6,600	(8,020)	3.6	(3.6)
Wain Group	Sept	4,370	(3,550)	10.0	(10.0)
Warner Howard	Aug	2,780	(2,510)	1.925	(1.75)
Waverley Mining	Sept	107 L	(136 L)	-	(-)
Whitbread Invest.	Sept	-	(-)	4.2	(3.95)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ǂ = Figures quoted in US dollars. † = Third quarter figures. ‡ = Net revenue. § = Gross income. ◆ = Figures quoted in Irish pounds & pence. ♣ = Revenue before tax. ♥ = Income before tax. φ = Net profits. # = Figures for 9 months. ● = Last years figures for 10 months.

RIGHTS ISSUES

Brent Chemicals is to raise £15.6m via a 1-for-4 rights issue at 120p.
Morrison (Wm) Supermarkets is to raise £97.6m via a 1-for-5 rights issue at 230p.
SelecTV is to raise £5.6m via a one-for-two rights issue at 17p.

The Week Ahead

All eyes on Eagle Star

THE SECOND big wave of interim results continues to roll through the market. Next week a number of big utilities, consumer and food groups will bereporting.

The main interest in Tuesday's third-quarter results from BAT Industries will concern what the tobacco and financial services conglomerate says about mortgage indemnity losses at Eagle Star, its UK insurance subsidiary.

Following last week's big provisions from Royal insurance, analysts expect Eagle Star could write off £70m-£100m on domestic and commercial indemnity policies. Elsewhere, steady progress is expected from the tobacco business and Allied Dunbar, and group pre-tax profits should be about £250m-£260m.

The following day another large insurer reports. Commercial Union is expected to do better than either Royal Insurance and General Accident, which reported their nine-month losses this week. This is mainly because CU has only a minimum exposure to mortgage indemnity business. Even so CU will still register pre-tax losses are predicted to be between £28m and £55m, compared with a profit of £27m at the same stage last year.

Not everyone in the insurance sector is struggling. Willis Corroon and Sedgwick, the UK's biggest insurance brokers, are both expecting to report pre-tax profits.

Analysts are expecting Willis to produce profits of around £90m (the group did not report third quarter results last year), while Sedgwick will also be in the black at between £72m and £76m (compared with £78.5m last year).

In the food sector, analysts are hoping for £330m pre-tax for the 12 months to September 1991 from Associated British Foods on Monday, compared to £317.4m for the 12 months to March 1991. That would allow eps to rise to 48.5p (46.9p) and could support a rise in the dividend to 13.5p (12.2p).

The main uncertainty remains milling and baking – the company warned six months ago that trading was tough, and the lumpiness of the investment income before and after last year's acquisition of British Sugar adds further unpredictability.

Milling and baking is also the main concern in Ranks Hovis McDougall's results on Wednesday for the year to August. Nearly half of the group, it will determine whether the group can reach £147m pre-tax (£138.2m). That figure would still mark a decline on last year's trading, given last year's £17m exceptional cost. Analysts are nevertheless hoping that a rise in earnings to 28.5p (25.2p) would support a rise in the dividend to between 13.5p and 14p (12.74p).

Whitbread opens a round of brewers' results on Wednesday which are expected to reflect the tough trading conditions this year in lower or static pre-tax profits. The effects of the recession and poor weather in the spring and early summer have hit beer volumes and retail operations.

Analysts forecast first half profits of between £134m and £140m for Whitbread, down by 8-11 per cent on last year's £152.5m. However, the company is regarded as one of the better placed in the sector to benefit from any economic upturn, and the interim dividend is expected to be lifted comfortably above the rate of inflation.

Courtaulds, the materials group, announces its half-year results on Wednesday. Profit forecasts range from about £93m to £98m compared with £87m for the same period last year.

Analysts will be carefully watching the performance of the fibres and films operations which are expected to post significant improvements.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	5½*	6	4	3.61	Pittencrieff
Atlantic Res	2.46	2.25	2.25	6.52	Conroy Pet
Beazer	111½§§	113½	83	313.61	Hanson
Gears Gross	35*	34	33½	5.30	Pebble
Hawker Siddeley	740§ §§	725	640	1.46bn	BTR
New England Props	17½§ §§	17	14	12.29‡	TR Prop Inv Tst
Racal Elect.	50½§	54½	51	899.08	Williams Hldgs.
Telfos	115*	111	63	46.02	Jenbacher
Torday Carlisle	116§	106	64	17.34	Dowding & Mills
Ultramar	300	336	277	1.11bn	LASMO

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 15/11/91. †At suspension. §§Shares and Cash. ǂ For 70.18%

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Anglo Irish Bank Corp.	Monday	1.36	2.0	1.36
Associated British Foods	Monday	3.3	7.7	3.7
Barrett (Henry) Group	Thursday	2.0	3.65	2.0
Cosalt	Tuesday	4.25	6.5	4.25
Diploma	Monday	2.25	6.25	2.25
F&C Eurotrust	Monday	-	2.25	-
Ferry Pickering Group	Thursday	2.1	3.1	2.1
Fulcrum Investment Trust	Wednesday	3.0	5.6	3.3
Glasgow Income Trust	Monday	0.6	1.35	0.6
Huntingdon Int'l. Holdings	Tuesday	0.8	1.6	0.87
McCarthy & Stone	Friday	0.5	0.5	0.5
Morland & Co.	Thursday	1.97	4.48	2.17
Ranks Hovis McDougall	Wednesday	3.82	8.92	3.82
Shani Group	Wednesday	1.6	2.4	1.6
Stratagem Group	Wednesday	-	4.0	-
Wills Group	Friday	-	-	-
INTERIM DIVIDENDS				
Anglian Water	Tuesday	5.8	11.7	-
BAA	Monday	5.25	7.75	-
Babcock International Group	Monday	1.2	1.8	-
BAT Industries	Tuesdayǂ	10.0	10.4	10.8
BET	Monday	4.25	9.0	-
Bio-Isolates (Holdings)	Tuesday	-	-	-
Black Arrow Group	Thursday	0.5	1.6	-
British Gas	Thursday	3.75	6.75	-
British Investment Trust	Monday	9.6	13.0	-
Bulgin (AF) & Company	Friday	-	0.1	-
Casket	Tuesday	-	0.2	-
Chamberlin & Hill	Monday	1.75	4.0	-
Chloride Group	Thursday	0.55	-	-
CML Microsystems	Tuesday	-	2.9	-
Commercial Union	Wednesdayǂ	9.0	14.0	9.25
Courtaulds	Wednesday	3.4	8.6	-
Danka Business Systems	Monday	1.0	2.0	-
Dunhill Holdings	Monday	2.6	4.4	-
EMAP	Monday	1.5	5.0	-
Fleming High Income Inv Tst	Tuesday	1.45	1.45	1.45
Foreign & Colonial German Inv	Friday	-	0.55	-
Forward Group	Wednesday	1.0	1.2	-
Foster (John) & Son	Wednesday	-	0.5	-
Goldsmiths Group	Tuesday	1.5	1.5	-
Govett American Endeavour Fnd.	Tuesday	-	-	-
Hazlewood Foods	Tuesday	2.1	3.7	-
Hogg Robinson	Thursday	2.25	3.3	-
Hoskins Brewery	Wednesday	-	-	-
Locker (Thomas) Holdings	Thursday	0.5	1.1	-
London International Group	Thursday	3.0	6.25	-
Lowndes Lambert Group Hldgs.	Thursday	-	-	-
Mercury Asset Management	Monday	5.0	20.0	-
Oglesby & Butler Group	Monday	-	-	-
Parkland Textiles (Holdings)	Wednesday	1.5	1.0	-
Property Partnerships	Thursday	2.45	4.35	-
Readicut International	Tuesday	0.83	2.61	-
Rothmans International	Thursday	6.8	11.7	-
Scantronic Holdings	Wednesday	0.79	2.18	-
Sedgwick Group	Mondayǂ	4.0	8.0	4.0
Storehouse	Thursday	2.5	2.5	-
Stratton Investment Trust	Monday	-	1.86	-
Thorn EMI	Tuesday	9.0	21.5	-
Volex Group	Tuesday	6.5	10.5	-
Vosper Thornycroft	Wednesday	3.5	7.87	-
Wagon Industrial Holdings	Wednesday	6.32	10.67	-
Warburg (SG) Group	Monday	4.5	11.5	-
Whitbread	Wednesday	4.3	12.0	-
Willis Corroon Group	Wednesdayǂ	-	3.2	3.3
Worth Investment Trust	Friday	-	0.21	-
York Waterworks	Wednesday	4.0	2.75	-
Young & Co's Brewery	Tuesday	6.0	7.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ǂ = Third quarter figures.

FINANCE AND THE FAMILY

How to . . . buy an annuity

The odds in favour of life offices

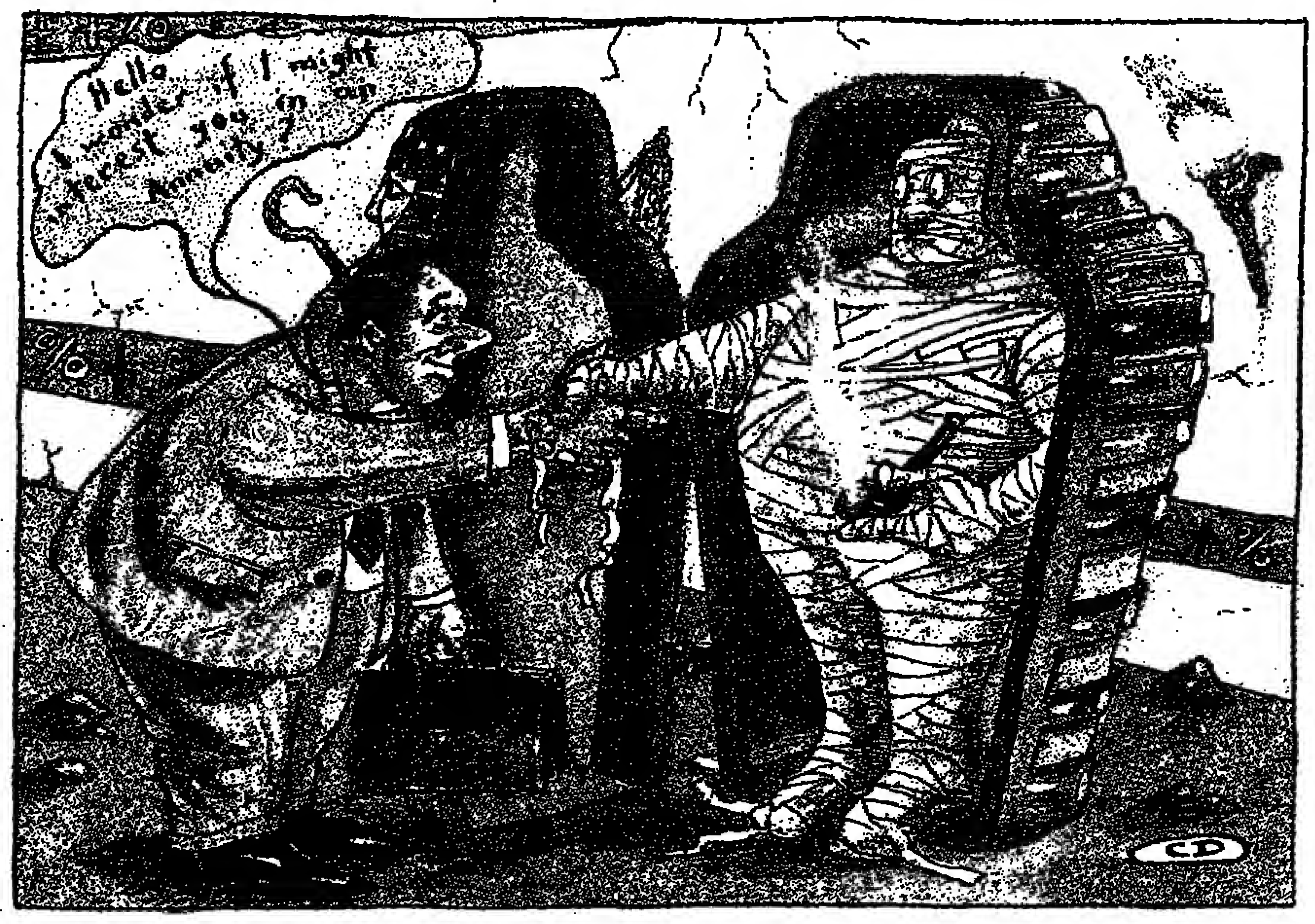
BUYING AN annuity can be stressful. It involves a big cash outlay – and you have to decide how long you expect to live.

An annuity in its simplest form buys you an income for life. You pay a sum to a life insurance company or friendly society and, in return, it offers to pay you a fixed sum every year until you die. If you die soon after it is poor value but, if you live for a long time, it can be a very good deal. The odds must always be stacked in the actuaries' favour.

There are more subtle variations on the basic annuity contract, as outlined below.

Buying the annuity itself is simple – you just write out a cheque to the life office – but the decisions you must make before buying can be difficult.

Annuities are efficient providers of income as they repay the capital you originally deposit, as well as paying you interest. They come in three basic forms which can be used for different occasions:



■ **Compulsory Purchase Annuities:** When you retire, you must use the bulk of the funds in a personal pension plan – but not a company scheme – to buy an annuity, although a share of the fund can be put toward a lump sum. If you have a self-employed pension (in the jargon, a Section 226 policy) bought before July 1988, you can take a lump sum of three times pensionable earnings; the rest must go to an annuity. If you have a personal pension taken out since July 1988, 25 per cent of your fund can buy a lump sum. The rest must go on an annuity. This is a legal requirement, so they are known as "Compulsory Purchase".

Income tax is payable on all the payments from a compulsory annuity. This compares unfavourably with the tax treatment you will receive from the other annuities but there is nothing you can do.

You should ensure you get the best rate available. Surprisingly few independent financial advisers offer an annuity service, but you can buy an annuity from any life company you like, regardless of the company you used to build up your original pension fund. This is the "open market option".

An Independent Financial Adviser should point you to the office which is paying the best rates. For example, according to Baronworth Investment Services, the best compulsory annuity rates currently available for a man aged 70 with £10,000 to invest are £1,612.44 per year from Equitable Life, and £1,589.31, from Generali Life.

■ **Immediate Annuities:** These differ from compulsory purchases in that funds to buy them can come from any source. Also, the tax position is more favourable – your income is split for tax purposes into capital repayments and interest payments. Income tax is paid on the latter but not the former, so the rates should normally be better. Immediate annuities become better value as you grow older, so it is often good advice to wait, if you are in doubt.

Best rates available at the moment, according to Baronworth, are £1,563.24 from Sun Life of Canada, and £1,555.44 from Equitable Life on the same assumptions used above.

PROTECTING ANNUITIES FROM INFLATION

Year beginning	2.1.87	2.1.88	2.1.89	2.1.90	2.1.91
With-Profits	£1,000	£1,016	£1,025	£1,126	£1,195
Level	1,069	1,069	1,069	1,069	1,069
Increasing (5%)	777	816	856	899	944
Index-linked	639	667	710	762	845

Source: Equitable Life. Assumes Male, age 65, paying £7,032.36 on 2.1.87 for monthly payments.

■ **Temporary Annuities:** These pay out over a fixed period, usually nine or ten years. Your life expectancy is less important but they are not aimed primarily at providing retirement income as there is a risk of out-living the term of the annuity, leaving you without regular income at an old age.

However, temporary annuities have their uses as part of more ambitious financial plans. For example, if you have saved a lump sum to fund private school fees, you can buy a temporary annuity just before your child starts school. This provides regular annual fees when you need them. They can also be combined with long-term growth investments to provide an income over the short term with the capital eventually being repaid.

Baronworth says the best rates for a temporary annuity over nine years, with a down payment of £10,000, are £2,044 from Sun Life of Canada and £2,040 from Carlyle Life.

The next problem is timing. With compulsory purchase annuities, you have to buy them when you retire, which means that if you stop working at a time of low interest rates, your income is permanently reduced. With other annuities there is a case for buying early, despite the general rule that you get better value as you grow older.

A change in life office tax rules after January 1 next year might bring annuity rates down. There are two reasons for this: the capital repayment element, on which tax is not paid, will in many cases be decreased thanks to new mortality tables introduced by the Inland Revenue, while companies will have to merge their annuity funds with their other funds, increasing the tax burden.

According to Colin Wroath, of Generali Life, the income paid could be reduced by between 5 and 8 per cent. However, Chris Matthews, actuary at Equitable Life, said that at the moment such figures must remain "tremendously approximate". While the changes would cut annuity rates slightly, he points out that a sudden rise in interest rates could compensate for it. He does not suggest rushing to buy sooner rather than later.

If you want to buy a voluntary annuity, or if you have to make a compulsory purchase, you still have to decide on inflation-proofing. If you buy a level annuity (which pays the same amount each year for life), inflation erodes its buying power as you grow older.

Some annuities will increase, over time, but your initial income is lower. If you do not have a pressing need for high income you should consider one of the following:

■ **Index-linked Annuities:** These are linked to the retail prices index, protecting you against inflation. Equitable Life will pay a 65-year-old man paying £100,000 in down payment a starting income of £741.75 per month gross, for a compulsory purchase. The same man could have bought a £1,169.67 level annuity.

■ **Increasing Annuities:** These increase by a fixed sum each year, usually 5 per cent. On the same assumptions used above, the Equitable will pay an initial annuity of £846.63.

■ **Unit-linked Annuities:** Rise and fall with the funds in which they are invested. The Equitable makes an initial annuity payment of £1,153.83.

■ **With-Profits Annuities:** Add bonuses, in line with the performance of their fund, each year. They are complicated. However, Equitable, keeping other assumptions constant and anticipating future bonuses of 6.5 per cent, pays £1153.83 per month, gross.

The table, also provided by Equitable Life, demonstrates the trade-off between initial income and inflation-proofing – it is difficult to have it both ways.

John Authers

Less for your money

***John Authers** on the real cost of foreign currency*

CONSUMERS may soon be able to find out exactly how much it costs to exchange currency.

The Department of Trade and Industry has confirmed that it will soon take action to ensure that charges for exchanging money are made clear. This follows a report published in June by a group of European Consumers' Associations which disclosed that many bureaux de change are offering bad value for money.

One researcher started out from Brussels to visit all 12 EC nations with BFr1,200 (£19.60). He spent none of it. However, he exchanged it for the local currency at the prevailing rates and commissions in each country he visited.

When he arrived back in Brussels, he had only BFr596.65 – 49.25 per cent less than he had when he started.

The government will not be able to stop high minimum charges or exchange rate manipulation. But it can force such charges to be transparent. This would mean advertising up-to-date exchange rates, and stating commissions clearly.

Jean Eaglesham, of the Consumers' Association, said: "It's about time." She added that new regulations should require:

■ Prompt updating of all advertised exchange rates on posters;

■ Itemisation of commissions, giving both percentages and minimum amounts;

■ Expression in receipts of the amount paid in both sterling and the foreign currency concerned (often only one currency is quoted, making it impossible to spot bad value deals), along with all commissions paid, and;

■ Rigorous enforcement by trading standards officers, including heavy financial penalties.

At present, many banks and credit card issuers are taking advantage of the confusion caused by exchange rates to squeeze extra money out of consumers in commission.

When two currencies are involved, commission can be added just by manipulating the exchange rate, making it much harder for consumers to spot when they are receiving a bad deal. They usually react with shock when banks voluntarily reveal their charges.

For example, NatWest started itemising commissions separately in Eurocheque account statements in July this year. Before that the fee had been included in the total amount debited. NatWest changed the commissions it charged at the same time.

The old commission had been 1.6 per cent of the value of the cheque, with a minimum of 80p, plus a transaction charge of 45p. The new charges are a fixed 2.25 per cent, with a minimum of £1.50.

There is also an annual Eurocheque card fee of £8. This prompted one *Weekend FT* reader, a NatWest customer of 52 years' standing, to return his Eurocheque card in disgust.

Another reader noticed he was getting poor value from dollar transactions in the US made with a TSB Visa card. TSB later admitted it charged 2.75 per cent interest on the net value of the transaction.

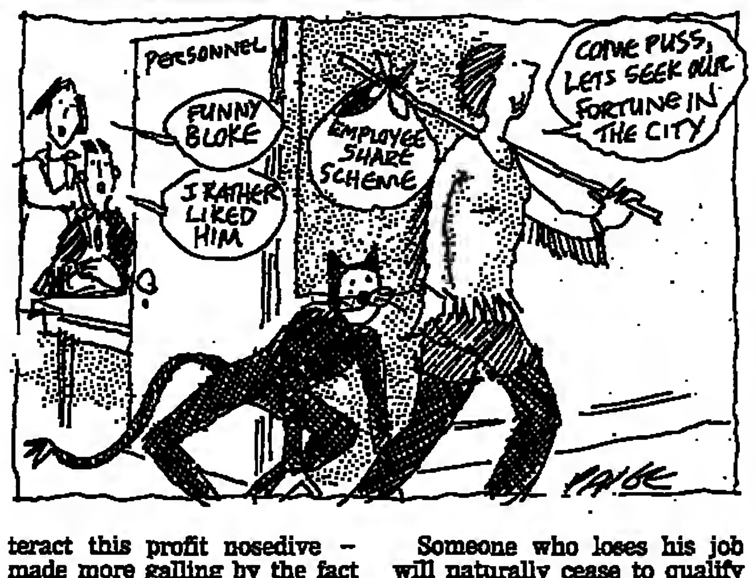
There is at least one way to avoid charges when using a credit card to withdraw currency from an automated teller machine. Most credit cards make a handling charge every time you use the card. This is usually a minimum of £1.50. Interest is charged from the date you receive your statement.

However, Royal Bank of Scotland MasterCard and Midland Access (as well as Midland's charge-free affinity MasterCards) use a different system. They charge interest from the moment your cash is withdrawn, but there is no handling charge. You can therefore avoid paying fees by paying more than your outstanding balance into your credit card account. If you are in credit, interest will not be charged.

Midland does not recommend this, saying that Travellers' Cheques are more useful, with credit cards available in an emergency. You will also be foregoing interest elsewhere by putting your card account into credit. But a shift from a current account, which probably pays derisory interest anyway, might make sense if you hold one of these cards.

Just what are your options?

***David Cohen** on the dangers of cashing-in share schemes early*



RECESSION is taking its toll of employee share schemes. Redundancies and takeovers are putting scheme benefits in jeopardy. Employees need to tread carefully if they are to minimise the damage to their wealth.

More than 2.25m people have been given rights over shares worth more than £6.5bn under employee share schemes over the past decade.

The more popular of the two types of company-wide incentive plan is the savings-related share option scheme. Open to all full-time staff who have completed a qualifying period of up to five years, this scheme offers options over the employer's shares at a 20 per cent discount to the market price when the options are granted.

Each option is linked to a savings contract with a bank or building society and the ultimate contract proceeds (including a terminal bonus) must be sufficient to cover the cost of the optioned shares. Monthly contributions of up to £250 are made for five years and the employee can then draw the money out immediately or leave it with the savings institution for a further two years in return for a doubled bonus.

If all goes according to plan, the options will become exercisable on the maturity date of the savings account at the end of the five- or seven-year period. But if an optionholder leaves before then, he will either lose his rights or be forced to exploit them prematurely.

Whether or not he can exercise depends on why he is leaving and how long he has held the option. The various permutations will be spelt out in the scheme rules and are generally imposed by tax law without the scheme company having any choice.

The full range of permutations is set out in the accompanying table.

Those lucky enough to be able to exercise their options will still lose in comparison with colleagues who stay the course. That is because an optionholder can only buy as many shares as he can afford to pay for with the accrued proceeds of his savings plan.

Since the original option will have been calculated on the basis of the savings contract running to maturity, the premature halt will create a funding shortfall which means a reduction in the number of shares which can be taken up.

Suppose, for example, that an employee decides to save £120 per month under a savings-related scheme when his company's shares are valued at 75p each. His five-year savings proceeds – including a terminal bonus equal to 15 monthly contributions – will amount to £9,000, allowing him to be granted an option over 15,000 shares at the 20 per cent discounted price of 60p.

On the modest assumption that, after five years, the shares are worth £1 each the optionholder will have netted a gain of £6,000 (15,000 x 40p).

Consider the position if a forced exercise takes place after only three years. The individual will have saved £4,320 (£120 x 36 months) to which will be added interest of approximately £350 giving a total of £4,670. That will only pay for 7,783 shares so even assuming an equivalent price rise over a shorter period the potential gain will be whittled down to £3,113 – a reduction of more than 48 per cent.

There is little that the hapless employee can do to counteract this profit nosedive – made more galling by the fact that no such constraint applies to the early exerciser of an executive share option.

The only practical step he can take is to keep his savings going until the end of the six month period of grace after termination of employment. This will enable him to salvage at least part of his disappearing gain.

Participants in the other variety of all-employee share scheme, the profit sharing scheme, have less cause for concern. The scheme comprises a trust which buys shares in the company with monies donated by the company. The beneficial interests in the shares are then "appropriated" among eligible employees, although the shares must remain registered in the trustees' names for at least two years and usually five.

Someone who loses his job will naturally cease to qualify for future appropriations, but his rights over shares already appropriated to him will remain unaffected. Indeed, he will often have an opportunity which will not be available to continuing employees, namely, to sell the shares before five years have elapsed. But there will be a heavy tax price to pay for cashing in.

If the sale is deferred beyond the five year period, the benefit of receiving the shares is tax-exempt. But any sale before the fourth anniversary will generally trigger an income tax bill on the full initial value of the shares and even if the transaction is deferred until year five, three-quarters of the value will still be caught in the tax net.

■ *David Cohen is a partner in the City law firm of Paisner & Co.*

Can options be exercised?

	Before 3rd anniversary	After 3rd anniversary
Employee dies	Yes	Yes
Employee retires	Yes	Yes
Employee is made redundant or leaves for health reasons	Yes	Yes
Scheme company is taken over	Depends on rules	Depends on rules
Business that employee works for is sold off	Yes	Yes
Subsidiary* that employee works for is sold off	Depends on rules	Depends on rules
Employee leaves for other reasons	No	Depends on rules

Source: Paisner. * A subsidiary is a separate legal entity from a parent company. Many distinct businesses owned by companies are not separate legal entities.

Pensions blow for controlling directors

***Barbara Ellis** reports on a new Revenue crackdown*

THE Inland Revenue has tightened the treatment of the occupational pensions of controlling directors, in a document (IR12) which highlights an anomaly affecting people with more than one well-paid job.

Roger Key, of consulting actuaries R Watson & Sons, says that the Revenue appears to be taking a stricter attitude towards controlling directors of companies which are taken over.

Employees of one company bought by another are allowed to count their service with the original company when calculating their maximum pension benefits. But controlling directors will not have the same capacity to aggregate their service.

For such directors, pension benefits relating to their work at the original company will have to be based on their end-salary, with a second, separate calculation for service with the purchaser company. The effect is to reduce benefits.

Directors whose companies were taken over in or after 1989 will also be caught by the pensions cap introduced that year, limiting the earnings on which tax relief is granted to £71,400.

Key noted that the Revenue is also keeping a close eye on controlling directors who are participating in centralised pension schemes. A centralised scheme is used by different employers with a "permanent community of interest" but not belonging to the same group. Again, while most scheme members would be able to base their final benefits on total service with different companies in such a scheme, controlling directors would not.

Mike Hayhurst, pensions specialist at Save & Prosper, says that the Revenue is bringing out an existing anomaly relating to multiple employments more clearly than before.

If someone has four employments, provided the four are separate and concurrent, the occupational scheme legislation allows each to be pensioned separately through a company scheme and each to be separately subject to a £71,400 cap.

If none of the companies provided a pension scheme, or if the employee was not eligible to join, the Revenue would apply one £71,400 cap to total earnings when agreeing the amount which could be paid into a personal pension.

"The Revenue view seems to be that if you have four separate employments, you are likely to be getting a quarter of your earnings from each," said Hayhurst. "There are only so many hours in the day. But I am sure there are people working for company A and getting £40,000 and another £40,000 from company B."

The anomaly effectively favours employed people taxed under Schedule E, who are able to join more than one company pension scheme, over self-employed Schedule D taxpayers who take out personal pensions.

But this smacks of accident rather than design, says Hayhurst. "The number of people who have multiple jobs that are genuinely not connected and who can abuse the limits must be minimal," he said.

Wide discussion of the paper is being hobbled by a new Revenue ban, not only on photocopying but on the annotated reproductions of the text. The aim is apparently to maximise sales at £10 per copy.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Amec	770,000	1,500	1
Berry, Birch &Noble	20,000	15	1
BTP	307,862	742	1*
Edinburgh Inv Tst	10,000	23	1
Fairey Group	200,000	632	1
Grampian Holdings	60,000	122	1
Haden MacLellan	50,000	67	1
Helical Bar	15,000	23	1
Marks & Spencer	69,341	199	1*
Pittard Garner	40,000	37	1
Proudfoot (Alex)	446,322	1,853	2*
RCO Holdings	20,000	66	1
Reckitt & Colman	2,500	17	1
Reed International	50,000	245	1*
Smithkline Beecham	4,028	32	1
Spandex	50,000	181	1
St Ives	168,064	474	1
Wood (SW) Group	982,000	491	1
PURCHASES			
Asda Group	50,000	20	1
Barratt Development	1,400,000	798	3
Burnfield	22,460	31	1
ISA International	571,424	303	4
Kleen-E-Ze	415,000	141	1
Surrey Group	1,000,000	25	1
Trace Computers	100,000	25	1
Wood (SW) Group	672,000	336	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 4-8 November1991.

Source: Directus Ltd, Edinburgh

Directors' Transactions

THE APPOINTMENT to the board of Asda, the food retailer, of two new directors has seen both of them picking up stock, with the purchase shown in the table by Patrick Gillam, the chairman.

The board reshuffle in Barratt Developments, the troubled housebuilder, has seen Sir Lawrie Barratt reinstated at the helm. Following an optimistic statement at the time of the final results in September several directors have now made substantial purchases at around 57p.

ISA is also worthy of note. Two directors sold substantial quantities of stock at around 135p last year, with these purchases both sizeable and in unison, frequently a positive combination.

SW Wood featured in this column in August with purchases at 33p and 34p. One of these buyers, the managing director, has now sold almost 1m shares, the bulk going to Peter James, a recently appointed director, at 50p. James has a remarkable record when it comes to buying stakes within quoted companies.

Michael Hawe of AMEC has now sold 4.2m shares over the last year, leaving him with 2m.

Angus MacDonald, Directus Ltd

Expatriates/**Donald Elkin**

Beware the IHT trap

AVOIDING UK tax is one of the charms of living overseas. Unfortunately, many expatriates never manage a complete escape from the Inland Revenue's attention.

The biggest problem is Inheritance Tax (IHT). Liability for the tax depends not on residence – as income and capital gains tax do – but on domicile. While the non-UK domiciliary is taxable only on British resources, anyone domiciled within the UK faces liability on worldwide assets regardless of his or her residence status.

Domicile is the status which connects you with a particular legal system. Everyone has a domicile of origin derived at birth, in most cases from their father, although there is always the right, on becoming independent, of establishing a domicile elsewhere.

Domicile of origin is very adhesive. Change can only be established by moving to another country with the intention of living there permanently or indefinitely. In other words, you would need to emigrate and, even then, people who were previously UK domiciled, would continue to be treated as such for IHT purposes for another three years.

It is not unusual for those who work overseas to remain domiciled in the UK throughout their absence – even for 20 years or more. Such a person accumulating a substantial fortune from his overseas activities remains chargeable to IHT on the same basis as if he or she had never left the UK – unwelcome news for some.

If you cannot convince the Revenue that you have changed your domicile, you can look at the IHT-planning devices open to UK residents. The following guidelines should help you with this:

"Inheritance Tax" is a misnomer. The charge is not on inheritance (ie sums received by any beneficiary) but the value of your estate immediately before you die. Exceptionally, some lifetime gifts also attract immediate taxation.

Most gifts are "potentially exempt transfers," which means that they will be clawed back into a donor's estate only if death occurs within seven years. Liability is tapered for gifts made more than three years prior to death.

However, for gifts made after March 18 1986, the seven-year period does not even begin to run until the donee has taken possession and enjoyment of the property given, and the donor is excluded from all interest and benefit.

Gifts between spouses are totally exempt, unless the donor is a UK domiciliary and the donee is not, in which case the exemption is limited to £55,000. The threshold for the tax, currently £140,000, is adjusted each year, but the big lifetime allowances have not changed for 10 years or more.

These allowances exempt gifts of £3,000 each year (this can be carried forward one year). You can also make gifts of up to £250 to as many people as you like without affecting your IHT liability. Importantly, you can make regular gifts out of income, with no maximum, if you can prove they do not affect your standard of living.

These rules usually make it impossible to remove assets from your estate for IHT purposes unless you part with them irrevocably. But settlements into trusts can ensure that beneficiaries do not have immediate and unfettered use of the funds should you consider that undesirable.

Such total divestment may be feasible for the very rich but it creates problems for the merely well off who, in any event, tend to consider such matters only when their working lives are drawing to a close and the means of accumulating further funds is about to cease.

John Major's musings on toning down the tax might result in helpful changes, but Labour's intent to "introduce more effective and progressive taxation of inheritances, including lifetime gifts", almost certainly would not.

Those wishing to curtail their liability should start by considering the exemptions which the legislation allows.

Be warned, though, that married persons can only too easily lose the benefit of the £140,000 tax threshold of the first to die, (worth £56,000 of tax saving) since inter-spouse gifts are usually exempt in any event and the property is fully taxed when the survivor dies.

In most cases, this is best prevented by creating a discretionary settlement in your will equal to the threshold of liability at the time you die.

While the income from that sum can continue to be available to your surviving partner, the likelihood is that little or no tax will be payable before the assets reach your final beneficiaries.

Insurance has a part to play too, both in covering the potential tax on lifetime gifts in excess of the available allowances and to produce cash to meet the liability on those assets you retain. In the latter case, though, remember that if the insurance proceeds are not to increase your estate and, hence, the tax payable when you die, you will need to write the policy in trust for your beneficiaries. That way, only the premiums are treated as gifts.

Finally, for those expatriates willing to involve themselves in more sophisticated planning, schemes offered by some of the offshore life companies might be of interest. These involve such arrangements as making an interest free loan to trustees for your beneficiaries, spending the periodical repayment as income.

Whatever your arrangements, bear in mind that the greater their complexity, the more likely it is that you will become enmeshed in the UK's anti-avoidance legislation, new strands of which are created by each succeeding Finance Act.

■ *Donald Elkin is a director of Wilfrid T Fry of Worthing, Sussex.*

FINANCE AND THE FAMILY

Diary of a Private Investor

Uncle Sam's tough lesson

WHAT HAPPENS in the US usually has repercussions in the UK – whether it be a craze for a particular toy or a downturn in the stock market. I therefore hoped to be able to find some investment pointers during a recent visit to New York.

Over the years I have made useful profits from investments in US companies such as Amfac and MCA (both taken over) and Disney. Currently, I do not own any US shares – and my American visit has confirmed my caution over Wall Street.

Shares in many US companies have risen to levels I consider unsustainable, even though interest rates in the US are comparatively low. Yet look at recent US company reports. Is there anything encouraging about Tenneco's recently announced $693m (£403m) third quarter loss? Many other companies have been reporting losses or reduced profits, yet the average price earnings ratio for US companies is approaching a level not seen since before the 1987 stock market crash.

Did personal experience have anything helpful to offer? Competition among airlines is considerable which meant that I was able to obtain an excellent "package deal" including air travel and a stay in a New York hotel for a price that must have left the airline very little profit.

Walking around the shops I was surprised to find that my gold American Express card was treated like the plague. On a number of occasions, when proffering my card, I was asked: "Don't you have another card – Master Card or Visa?" Times are so tough that retailers are reluctant to pay the fees which American Express charge them for handling card transactions.

In terms of "personal service", American Express now seems sadly lacking. I asked one of the New York offices of American Express to arrange a limousine to take me to a theatre and then to pick me up after the show and take me back to my hotel.

"The limo will have to wait for you," said the American Express rep. "Why?" I asked. "I've used limo services before and they've just dropped me off, gone on to some other job, and another limo has collected me."

"It will have to be "wait and return'," insisted the rep. "That will cost $232.20." (£135)

I found a limousine service myself. The trip to the theatre cost $18, and the return journey, including provision for "waiting time", was $23 – a total of $41 (£23.80). So much for American Express!

I was also interested to see that American Express now charges US gold card members a fee of $75 per year. This compares with the £85 (around $150) which American Express charges its gold card holders in the UK.

As I already have a Barclaycard providing Visa and Master Cards which are recognised in more outlets than American Express, provide travel accident insurance, insurance coverage of goods for up to 100 days from purchase date, "international rescue service" and a variety of other benefits for less than a tenth of the cost of a gold American Express card, do I really need my gold card any more?

Another factor against gold cards is that whereas the 1980s were years of "conspicuous consumption", the 1990s seem to be the years of "understatement". For example, while talking to the limousine chauffeurs I discovered that there is now little demand for the huge "stretch" limousines any more. Most of their work is now driving the more modest type of limousine in which I was riding.

At the Trump Tower – all gleaming gold, brass and marble – I was one up-market shop's sole customer. People came in to the Trump Tower shopping area to look – but few seemed to be buying. The most crowded shops in New York seem to be the "single price" shops. One sold only clothes costing $5, another sold clothes for $10 – foreign-made jeans, jerseys, jackets, trousers. People are now looking for value for money.

Reading US newspapers I was struck by the number of discount stores which now take considerable custom from shops in high rent shopping malls. All sorts of items – from food to cameras – can now be obtained from cut-price discount chains such as Costco, Price Co and Sam's Wholesale Clubs. Perhaps Asda in the UK should follow that example?

Many "record shops" in New York sold only cassettes and compact discs: vinyl records were considered a thing of the past. Yet it was clear that sales of costly CDs were nowhere near earlier years' sales of vinyl records.

Does the consumer like being sold a product (record players) for which there is no longer any "software"? Does it not make him or her more cautious before buying another costly product in case it, too, is replaced by something that cannot use existing software and needs new and expensive items?

Unemployment, the recession, and such buying factors are all hindering sales. As to new toy crazes – there did not seem to be any in New York. Thus, not only do I remain pessimistic about prospects for the share price of most most US companies, but my two daughters will not be getting any American toys this Christmas.

Not that many toys are actually made in the US. As one lady said to me in a large New York toy shop: "It's easy to see here that America is a land of imports." Most of the toys were made in China, Hong Kong, or Taiwan – although British-based toy companies also seemed to have a reasonable presence.

Kevin Goldstein-Jackson

Disney has proved profitable – but US shares now look risky

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Scarborough BS	First Post 2	0800 590578	Instant	£1,000	11.15%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Lancastrian BS	Lancastrian Bond	061 643 1021	31.8.92	£25,000	12.35%	OM
Chelsea BS	Premier Account	0800 272505	31.12.93	£10,000	12.5*%	Yly
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
TESSAs (Tax Free)						
Melton Mowbray		0664 63937	5 Year	£1	14.00%	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£1,000	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663568	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719696	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	8.60%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.90%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	9.05%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.90%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	9.00%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds 10.25% WEF 28 Nov		3 Month	£2,000	11.00%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

*Chelsea's account is a fixed rate till March 1 1991. Thereafter the rate is variable. All rates (except Guaranteed Income Bonds) are shown Gross Fixed; Fixed Rate (All other rates are variable. OM= Interest paid on maturity. N= Net Rate. B= Bond

Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

MINDING YOUR OWN BUSINESS

The dangers and delights of the designer delicatessen

Nicholas Lander meets a couple whose shop thrives despite all their early mistakes

FEW, EVEN in today's complex world, can have experienced as many changes in their working relationship as Jean-Charles and Rosie Carrarini have with Richard Lewin.

As textile designers the Carrarinis supplied Whistles, the women's fashion chain of which Lewin is chairman, and became good friends. When they decided to change career Lewin became their landlord. Now from Villandry, their food store, the Carrarinis once again supply Lewin, this time with food.

This change began in 1987 when the Carrarinis decided that their existence as designers was becoming too isolated and too dependant on the whims of buyers. They tried to improve this by opening a factory in Fulham, gained only a lesson in the pitfalls of an unsuccessful partnership and were left with a financial loss.

Even though they have two children they decided to make a new start. They were besotted with food, and that gave them the idea of where this future lay.

Travelling the fashion circuit – Milan, Paris and Rome – had led them to believe there was a gap in the London food market for a store which sold the best raw ingredients – fruit, vegetables, cheese, wine, fish, meat and bread – and the full range of delicatessen products. Enthused, they set forth, only to stumble at the first hurdle.

In late 1987 the retail boom was in full swing and landlords were choosy about potential tenants. Lewin found them a site in Richmond, south London, but, as the Carrarinis had no retail experience, the landlords was turned down. This happened again when Lewin took them to Villandry's present site, then a Whistles store. Finally, Lewin took the risk of sub-letting the property himself and now, after the Carrarinis have taken over the lease in their own name, they stand as an isolated success – there are 29 empty retail outlets along Marylebone High Street today.

During 1988 the shop was redesigned and they learnt their trade. They isolated their favourite suppliers – Neal's Yard Dairy for English cheeses, Philippe Olivier in Boulogne for the French, Albert Menes for the finest tinned sardines, tuna and anchovies and Max Poilane in Paris for bread. They explained their philosophy and often worked with their future suppliers to gain experience. For the wine they went to Legrand Filles et Fils in Paris and became their UK agents.

Now three years old the delicatessen has a turnover of more than £6,000 a week but two initial miscalculations proved costly. The first, a marketing mistake, was to assume that because all types of foodstuff were under one roof they would all sell equally well. They sold fresh fish, ignoring the long established fishmonger around the corner; the fridge, purpose built for their fish selection, now houses cold drinks. As the recession has deepened wine sales too have fallen as their customers have preferred Oddbins' lower prices.

Second, their previous career as designers led them to spend too much on the shop's interior. All the wood is oak, there are seven fridges all at varying temperatures for the different produce and each section is separate. Unusually, the serving area is at the front of the shop as the Carrarinis wanted there to be no barrier between customer and assistant. This redesign cost £65,000, financed by a development loan and National Westminster Bank overdraft. In spite of the shop's success, part of this loan remains outstanding.

Where Villandry does serve as an object lesson to those fascinated by the world of fine raw ingredients – where margins are high but product life short – is the use the Carrarinis have made of the basement. Here, every morning, they bake 150 baguettes which supply their sandwich bar which can take £250 to £300 a day. These baguettes are filled with expensive and unusual fillings from the delicatessen – cheeses such as Lucullus or Camembert with calvados – which can be sold at a competitive prices. The rapid turnover of such easily perishable items has kept wastage – a delicatessen's deadliest enemy – down to a mere 3 per cent.

The sandwich bar quickly drew a good lunchtime custom – Harley Street doctors, architects and local residents – who often bought the ingredients for their supper at the same time. By October 1990, however, Carrarini felt that the business needed another leg to stand on to weather the recession.

When the rear of the ground floor, formerly a PR office, became available he snapped it up. For six months it lay empty as they finalised ideas for a small lunchtime restaurant, found a chef through their favourite country house hotel, Ballymaloe House in Eire, and spent a far more sensible amount, £60,000, to equip the kitchen and dining room which seats 40.

The restaurant opened in April with great success, its formula of no-minimum charge, all inclusive, reasonable prices and excellent raw ingredients proving popular even when times are hard. After six months the restaurant has already achieved a turnover of £4,500 a week.

The synergy between the delicatessen and the restaurant has worked financially, the new restaurant revenue more than compensating for an 8 per cent drop in the shop's takings during July, August and September. However, in spite of the proximity and similar product range of shop and restaurant, Jean-Charles has often wished for an extra pair of legs and eyes as the number of staff has grown to 10, including part-timers. Opening the restaurant, he admits, took his eyes off the shop, which suffered temporarily.

Over the past three years by working 12 hours a day, six days a week, and finishing the paperwork on Sundays, the Carrarinis have established two thriving businesses under one roof. A business which their ten-year old daughter is only too keen to take over.

■ *Villandry, 89, Marylebone High St, London W1. 071-224-3799.*

Family business: Jean-Charles and Rosie Carrarini, founders and owners of Villandry

Computing/**David Carter**

Ordering widgets for the Starship Enterprise

WHY IS it that the computers of the future always seem so much brighter than those of today, 1991? In the end it boils down to databanks. The computer that runs the Starship Enterprise has access in its databanks to all known facts about the universe. By contrast, the databanks of today's computers are puny. Disk space for storing data has always been expensive and in short supply. It is difficult enough to find space to store details of present transactions let alone past ones, so business packages require month-end "clear-downs" in which completed transactions are wiped off the disk in order to release precious disk space.

To be an intelligent and reliable decision-maker, the computer needs to be able to accumulate within its memory a substantial body of past transactions. It can then use this "experience" both as a check against which to verify its present calculations and also as a basis for predicting the future. But because they are forced to jettison past transactions computers are rather like a terrifically brainy young academic whose lack of practical experience leads them into errors which ordinary people would never even dream of. But not for much longer.

Disk storage has become rapidly cheaper, nowadays even a small business PC comes with a 40 megabyte disk drive as standard. PCs with 1,000 megabyte drives (storage capacity of 1,000,000,000 characters of data) are available for around £10,000. With these developments in disk drives and in technologies such as CD-ROM, today's software designers can assume that they have unlimited storage space at their disposal. This gives the computer its opportunity to take an active role in decision-making. One example is dynamic stock reordering (DSR).

Most stock control packages incorporate a "reorder level" for each stock item. The reorder level is the level of stock at which you must place a new order to the supplier, otherwise you are going to run out. If you sell an average of 100 per week of Part No. XYZ, and delivery lead time from the supplier is five weeks, you need to put in a new order when the stock balance falls to 500. The reorder level for Part No. XYZ is 500. But what if sales go above 100 per week? You will run out of stock before the new order comes in from the supplier. What if they go below 100? You end up overstocked. As sales of a stock item increase or decrease, so the reorder level needs to increase or decrease.

Under DSR the computer does all this automatically. It stores past sales records for each part number and extrapolates from them to predict future sales. From the predicted sales it can automatically adjust the reorder level for hundreds or thousands of part numbers every week, without the user even being involved. Rather than slavishly obeying out-of-date reorder levels set by a human operator, the computer makes its own judgments.

To take another example, effective cash management is essential in a recession as people take longer and longer to pay their bills. Most finance managers take the figures from their accounts package and work out a cash forecast on a spreadsheet. But really the accounts package should be doing the forecast for them. After all, it records date and details of every invoice and every payment they ever make.

The data is all there to enable it to produce accurate cash forecasts which not only state when cash payments are due to be be paid, but predict when they are likely to be *actually* paid based on past payment performance. With all that knowledge at its fingertips, why should the computer sit there waiting for you to take the initiative? It should be telling *you* to chase that unpaid invoice or to renegotiate that new order because you do not have enough working capital to fund it.

When will these "intelligent" stock control and accounts packages come on the market? There are one or two technical problems – such as file management software to give immediate access to each one of those billions of pieces of data, but the key question is how quickly the software designers can adapt to a new set of conditions.

Most of today's business packages were designed some 10 years ago when the IBM PC had an 8086 chip and two 360k floppy disk drives. Package developers have spent their whole lives accommodating their designs to the limitations of disk space and memory. The result is systems where the user must take the initiative and the ideal is "to be able to analyse the data any way you want." Now there are systems which allow the computer to do its own analysis and becomes an active member of the management team. It cannot be long before we see the first business package to hold a review meeting with its fellow-managers each week and discuss with them how well we are running the company.

A problem that has me stumped

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A BRICK wall separates the bottom boundary of my garden from the garden opposite. The trunk of a large tree growing at the bottom of my neighbour's garden has for several years caused the wall to bulge inwards on my side. The wall has now collapsed due to pressure from the tree trunk. I enclose a plan and a copy of the deeds to the house. Can you tell me who is responsible for the cost of the repair?

A contributory factor may be that the level of his garden is two to three feet higher than mine, so there is some pressure arising from that along the whole length of the wall. It will be impossible to rebuild the wall exactly where it was, due to the presence of this large tree trunk. Am I entitled to ask him to have the tree removed?

■ You have a potentially complex legal situation in trying to ascertain the rights and liabilities relating to the collapsed wall. To the extent that the tree may have created pressure leading to the collapse, the owner of the land on which the tree grows would be liable; but to the extent that the wall gave support to the adjacent higher land the owner of that land might (if the support had continued for more than 20 years) claim that you were obliged to reinstate that support. You are entitled to insist that the tree does not invade your property, so that it would have to be removed if that is the only way to prevent a trespass. It is not clear whether the whole wall is yours, or whether it is a party wall, with the boundary running lengthwise along the middle of it.

Keeping company

I AM in practice responsible for the affairs of a limited company owning the freehold of a block of flats. These are all leased out for 99-year terms from 1968. The ground rents are nearly all £15 a year and an additional rent is payable for management and service charges. However, the total sums collected most years only amount to about £2,000 as we do most decorating, minor repairs etcetera ourselves.

Companies House has suggested sensibly that we make the company dormant and conduct transactions as, for example, the "North Down Residents Association" thus avoiding the costs of an audit but not the annual return.

As many lessees are elderly but a small profit often accrues (from the letting of some lock-up garages & a small surplus on sums paid), our concern is: would we thereby be merely leaving the frying pans of audits only to fall into the fire of the Inland Revenue as individuals?

We would, of course, continue the insurance in the name of the company but pay the premiums pro-rata ourselves. Would this infringe the dormant status?

What would the schedule and rate of tax be on any profits (say £200-£300) if the lock-up garage rents are raised and paid to the residents' association, albeit the freehold remains in the company's ownership?

■ The proposed North Down Residents Association would be liable to corporation tax on its income, because an unincorporated association is deemed to be a company for tax purposes (by virtue of section 832 of the Income and Corporation Taxes Act 1988). However, the existing company would remain entitled to the rents (as freeholder) and consequently liable to corporation tax upon them (under section 25(1) of the Taxes Act 1988).

The situation which you outline – with a number of elderly leaseholders and apparently no reserve funds for major expenditure which may become necessary as a result of time's ravages upon the exterior of the building etcetera – leads us to recommend that the leaseholders consult a solicitor upon the general present and prospective position (including the change in the law for buildings with common parts, such as yours).

It is unlikely that it will in fact be worthwhile to try to dispense with the services of an auditor: after the death of a leaseholder, for example, the executors might find it difficult to attract purchasers for the rest of the lease if no audited accounts could be produced.

Max Wilkinson, editor of the Weekend FT, was stabbed by a mugger while leaving the office. This is his story

The sharp end of a moral dilemma

TO BE stabbed in the chest by a masked man close to the portals of the *Financial Times* office in London is a thought-provoking experience. As a victim one does not, initially, expect to be the one who is blamed. But an uncertain haze of guilt often settles round the injured party, sometimes developing into a choking fog of retrospection: did one put up enough fight, or too much? Was there a more clever way of defeating the assailants? Should one have avoided that dark alley?

"You may need counselling," said the policeman who visited me in hospital. "That is normal in these cases."

"Yes, and lessons too," I thought, imagining a dexterous Japanese kick which would have resulted in assassins: 0, me: 3.

Fantasy? Well, the Metropolitan police, which steadfastly advises pacifism in such cases, does offer courses in personal defence, no doubt taking the view that it is better to be competent than clumsy. Even so, most citizens facing violent attack suffer from other handicaps besides poor technique, as I was to discover. They arise from English social conditioning as well as from the restraints of the law.

In my case, the incident began when three masked youths followed me into a dimly-lit car park close to, but out of sight of, the main road over Southwark Bridge. They blocked escape via the single entrance and converged on me, hands ostentatiously in jacket pockets.

I declined their request for money, turned my back and walked slowly towards my car. I expected, naturally, to have to hand over my wallet at knife point. Instead, one of them snatched my shoulder bag (contents: *The Economist*, two bicycle clips, unpaid bills) and they all ran off

"No knives; just kids," I thought, gave chase, caught the bag-snatcher and banged him down fairly hard on the ground (but no worse than you would see any Saturday at a Cardiff rugby match). That, of course, is the nub of the difficulty: rugby and other so called "manly" sports teach a genteel kind of aggression utterly unsuited to late night encounters under Southwark Bridge. Every instinct of *le fair play* is to down the opponent without damaging him.

But there is another restraint, which led me into a potentially fatal error. Finding that I weighed in at about twice the bag-snatcher's poundage, I relaxed my grip for an instant while a phrase echoed somewhere at the back of my consciousness: "Reasonable (but not excessive) force". That, said the judge in a case for which I was once a juryman, is what the citizen is allowed to use to frustrate a felon.

But what could reasonable force possibly be? Disabling? Enough to deter the comrades from regrouping, while I snatched the bag and retreated? But a little excess force, resulting in concussion, broken ribs or worse for my assailant, might let me in for a charge of assault, with three witnesses swearing it was unprovoked.

At such a moment, one does not think in chiselled syllogisms. However, I hesitated – and was nearly lost. Not being appraised of this liberal dialectic or my simple desire for repossession, the bag-snatcher drew his weapon, struck, and scampered into the shadows with his booty. Doubtless he regarded me as an aggressor, who had foolishly upset his preferred, non-violent *modus operandi*.

From his point of view, perhaps he was right. That, at any rate, was the suggestion of the surgeon at Guy's hospital. After disparaging the knifeman's competence (blade too broad; wrong angle of thrust; missed the aorta), he said: "If they are caught it is seven years inside, so of course they will use the knife to get away." No doubt.

From every point of view, the police orthodoxy appears confirmed: offer no resistance; never pursue. The bedside policeman even incorporated the idea into my statement. ". . . although looking back it seems foolish . . ." he had me saying. I stopped him: "Wait. They were smaller than me. Should any bunch of kids be allowed to walk off with one's property just for the asking?".

His demeanour brightened: "Speaking personally, I couldn't agree with you more . . ." But he quickly reverted to the formality of statement-ese.

That policeman touched a strong emotional chord. English culture approves the idea of "having a go," or "teaching them a lesson" even while condemning the attempt. The idea that the citizen "takes care of himself" has even deeper roots in the US, where he or she may still pack a six-gun. So an act of freelance justice is less likely to reflect courage than conditioning, pride and anger. And these last two are deadly sins, just as much as covetousness.

One defence remains, however: what bankers in a different context call "moral hazard". If everyone is to hand over his wallet to the first applicant, recovering the loss painlessly from insurance, then byway robbery will surely become a profitable and easy trade. Many believe this has already happened.

However, the figures do not entirely support this contention. The chance of being stabbed in a London street has declined in recent years. The chance last year of being relieved of your wallet at knife-point was about one in 600. But if you "co-operate," the chance of injury is so small as to be negligible compared with common hazards such as being hurt in a car accident (one chance in 150 per year).

The idea that street violence will prevail unless strong men stand up to be counted is thin. Although I have heard it from respected lips in the last few days (and indirectly from a policeman), the practical fact is that people do *not* resist. Nor should they, even when they have the means and will.

The reason is simple. A soldier shoots first and aims for the heart, to kill before he is killed. General Norman Schwarzkopf used this strategy on a grand scale in the Gulf war. But aside from silly movies, the law-abiding civilian must follow a course which is exactly the opposite, striking second and with minimum violence. This is a futile endeavour for anyone but an expert.

The indictment is complete. I plead guilty as charged in paragraph one, petitioning only to be spared the counselling. Maybe I will take that police course, though.

Meanwhile, if anyone should spy a rather weedy youth with a brown leather bag, reading last week's *Economist* and possibly sporting fluorescent cycle clips, just let him know that I am alive and well – and will not be calling.

Reflections on the Mirror

Roy Hattersley on the one paper to back Labour

IN THE heady days of early enthusiasm, most Labour party members are moved to passionate indignation at the mention of the British press. It is not the number of Tory papers which offends, but the cynical disregard for truth with which their support for Conservatism is expressed.

The anger is often moderated by amused contempt. When, after his day trip to Kuwait, the *Daily Mail* called British prime minister John Major "The Grey Fox of the Desert", the only possible response was to fall about laughing.

After years of wounding by the Tory tabloids, the scar tissue provides protection. We tell ourselves that in spite of the worst that they could do, the Labour party has won six elections since the second world war. When Conservative party chairmen bully the BBC, we rejoice in the proof that at least part of the media attempts to be objective. We even quote Enoch Powell's not totally relevant insistence that it is no more sensible for a politician to complain about the press that it is for a sailor to complain about the sea.

In the end, emotions are mixed. We speculate what the *Sun* and *Daily Express* would have written if a Labour government had introduced the poll tax, or promoted a record number of liquidations and mortgage foreclosures, or always increased Value Added Tax immediately after it was elected.

We rejoice when splits in the Conservative party force Thatcherites at the *Daily Telegraph* to snipe at the new cabinet. We are disappointed to discover that Simon Jenkins has only made *The Times* more elegantly biased. And we give thanks for the *Daily Mirror*.

The *Daily Mirror* is unique in its loyalty to Labour. However, it is not, and never has been, uncritical in its support. I recall cartoons of goal-keeper Hattersley letting the ball slip into the net as he argued against tax cuts, and of Wazir Hattersley giving irrational support to British Moslems. There were times when *Daily Mirror* leader writers and columnists combined to attack the party's defence policy.

But the *Mirror* was always a Labour paper and a paper of which Labour could be proud. Even when competition from the *Sun* and *Daily Star* drive it temporarily down market, it still stands for something. Joe Haines, Anne Robinson and Paul Foot write very different sorts of column – but none of them write much that is inconsistent with Labour's view of life.

The *Guardian* can claim an equally consistent radical tradition. There is a belief that the *Guardian* would be less attractive to Labour if it slavishly toed the leadership line. We shall never know whether or not that belief can be justified, for the *Guardian* has never been tempted to take up a regular Labour party position, even less to lapse into consistent agreement. The enthusiasm for political independence (at least from the Labour party) always grows in strength when the Liberal Democrats seems likely to win a by-election. Intellectually, the *Guardian* is often ours, but only the *Daily Mirror* is viscerally on our side.

The bonds are tightened by history – by the Cassandra, Vicky and Hugh Cudlipp campaigns which many claim won Labour the 1945 general election. Certainly the suggestion that the women back home in the UK used their votes on behalf of the soldiers overseas who could not trust Winston Churchill to make their land fit for heroes was a crucial contribution to Labour's success. If the paper that helped to put Clement Attlee into Downing Street had suddenly defected, the damage to Labour's morale would have been incalculable.

It is fashionable to argue that Ian Maxwell's announcement of the *Daily Mirror's* abiding allegiance to Labour was a commercial necessity following the death of his father, Robert Maxwell, the paper's owner. That is a difficult argument to sustain. We are told that more than half the *Sun's* readership believes that their favourite newspaper supports Labour.

Today has no fixed political abode. The *Sun* is a far less serious paper than the *Mirror* – trivial, badly written and increasingly dependent on stunts to stimulate its circulation. *Today* appears barely viable. But if all the *Daily Mirror* was after was money, it could probably keep its circulation, whatever its politics, as long as it made circulation its only goal.

The *Daily Mirror* stays Labour because most of its staff would not be – could not be – anything else. It will remain so because of the beliefs of its proprietors. On the day Robert Maxwell bought the *Mirror*, a merchant banker telephoned me early in the morning to tell me of what he called "an irresistible bid." I told Neil Kinnock, the Labour party leader, and when the deal was done I attempted to interview the new proprietor for the press column I was then writing for *Punch*.

He returned my call after two days and answered my request with an anecdote. At a Downing Street reception for a charity, Margaret Thatcher had approached him with jokes about the prospect of his joining the Conservative party. At that time local Labour parties and a printing union were calling for his expulsion from the movement which he had represented in parliament. "What did you tell her?" I asked, as was expected of me. "Loyalty," he shouted. "I told her that I believe in loyalty." The story was, I discovered, more or less true. The sons of that father are not going to change the allegiance of the family newspaper.

When the general election comes, one national popular daily newspaper with a circulation of 3m and a compulsively readable house style will urge its readers to vote Labour. I cannot estimate the material extent of that bonus – how many families will study its editorial, absorb its accounts of policy and decide, as a result, that they want Neil Kinnock to lead the country. But I do know that to start the campaign without the *Daily Mirror* on Labour's side would have been an almost intolerable psychological handicap. Thank God it is not going to happen.

■ *Roy Hattersley is shadow home secretary and deputy leader of the Labour party.*

As they say in Europe/James Morgan

THE OTHER day large bites of Norman Tebbit and John Major were coming over the airwaves. My wife asked, "If sovereignty matters so much why isn't everybody else making a fuss about it?" I wondered if I should write about what the papers were *not* writing about.

This week the word did turn up, in Paul Fabra's column in *Le Monde*. He was discussing a new book, *Europe Faces the Future: What To Do*, by Maurice Allais, 1988 winner of the Nobel Prize for Economics. A central theme is relations across the Rhine: the projected Franco-German brigade is disdained by both gentlemen, who see it as a figleaf: "Since France wants only to obtain at the lowest price in exchange for her 'sovereignty' a few satisfactions for her amour-propre which will interest only the Elysée, one can only guess what fine initiatives the brigade will lead to."

On the question of loss of sovereignty in the EC Fabra quotes Allais: "There is in reality no abandonment but simply a transfer. The real objective is not sovereignty in itself, it is essentially the happiness of the citizens, their prosperity, their self-fulfillment and their security. What needs to be done from now on is to seek a system of political institutions which will be most likely to safeguard those aims."

But this does not mean the direction that the Community, or at least its majority, has chosen is the correct one. "If Brussels' economic project for 1993 [1992 in English] should be fully realised, it will doubtless bring in its train powerful forces for disintegration by the year 2000."

Fabra's column reflected on the German question. Allais argued that the Germans had made great sacrifices for peace and stability – like losing their eastern territories. Fabra continued: "The question is not whether we should feel sympathy for former enemies who did so much evil and paid so dearly . . . but that we should not forget the good sense of other people. It would be vain to try to detach the Germans from NATO." They concluded that the French government was doing things for the sake of "sovereignty" that ran against the national interest.

Last Saturday the *Süddeutsche Zeitung* of Munich devoted its front page to an editorial about that day – November 9. It reflected the ambiguities of national symbols – something the British seldom appreciate. That day was not only the anniversary of the fall of the Berlin Wall and of the anti-semitic pogrom of 1938, there was much else besides that made it hard, but necessary, to assimilate it into the national consciousness.

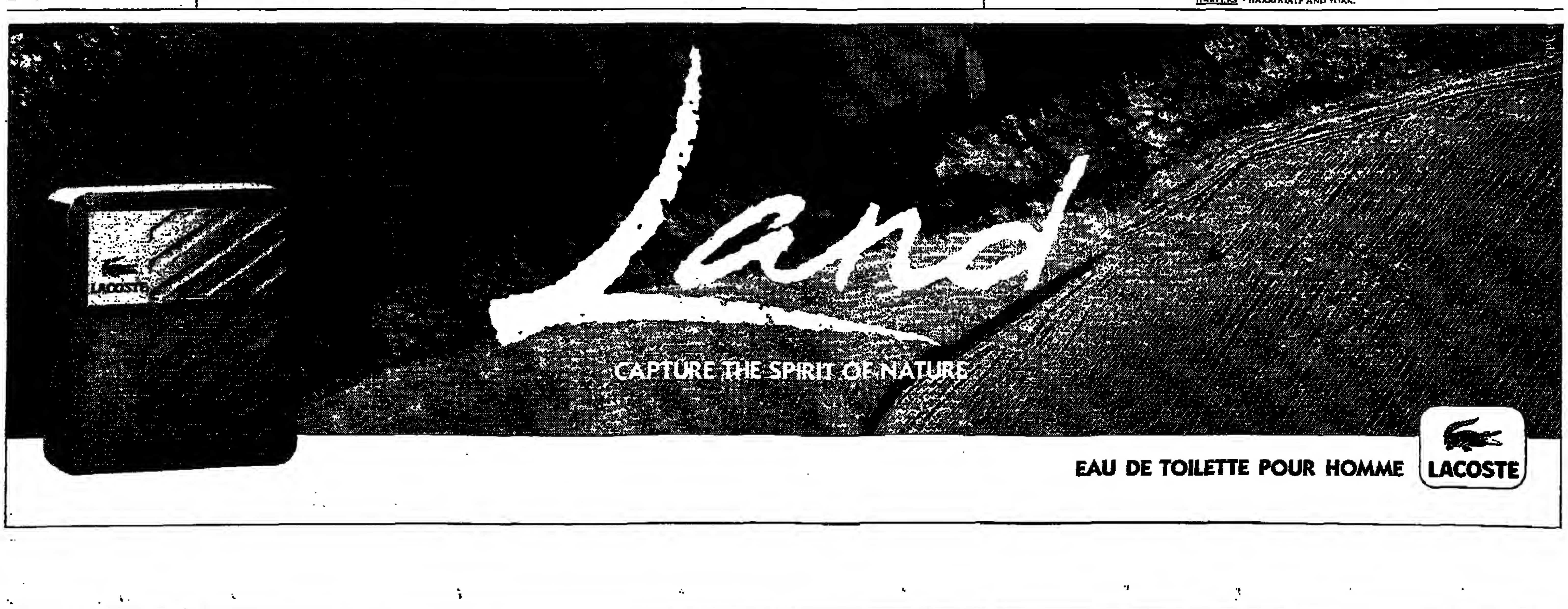
"On that day in 1918 Philip Scheideman declared the German Republic. The war was lost; the Kaiser went. The generals stayed. On that day five years later Adolf Hitler attempted a miserable putsch in Munich with the help of Ludendorff and declared himself 'Reichskanzler'."

The outline of an answer to my wife's question is emerging: others feel differently about national independence and sovereignty. To the French sovereignty is a charade – it is national interest that counts and none of the busybodies and clowns in Brussels, as they put it, can change that.

Nobody shares British feelings about "sovereignty." The Italians would happily hand over the running of their country to the EC. The Spanish are like the Germans: to them the past is rather nasty; civilisation is Europe. The Benelux countries owe their existence to their participation in, or salvation by, outside coalitions. Ireland, Portugal and Greece are so glad to be members of such an important club they would not dream of questioning the management.

The word "sovereign" in English means "having supreme power," it is also a monarch with virtually no power and a coin worth one pound, a pound that has been debauched by politicians who now insist it is a proud symbol of nationhood.

■ *James Morgan is economics correspondent of the BBC World Service.*



FOOD AND DRINK

The pen is mightier than the pudding

The sign that says New York's hottest restaurant

Nicholas Lander meets New York's top restaurant critic

FOR THE person many consider to be the most influential restaurant critic in the world, Bryan Miller tells with humility the story of the only restaurant he knows which his column has closed. It did not go out of business because he panned it. He actually praised it and trade boomed. But the partners became greedy and began to argue. Within months, the doors were shut.

It is some consolation for Manhattan's many chefs and restaurateurs – and there are approximately 13,000 restaurants – that Miller retains this humility because his power and influence are far-reaching.

He is the restaurant critic of the *New York Times* which, with a daily circulation of 1.3m, carries substantial clout up and down the East Coast. His predecessors include Craig Claibourne and Mimi Sheraton, both luminaries on the American gastronomic scene. Miller has been in charge for eight years, a time when the city's restaurants have been opening with extraordinary frequency.

He has to work hard to keep on top of them all. For his Friday columns, he reviews two restaurants in detail. He will have visited each at least three times with three other diners. Below these reviews is his Diner's Journal where he catalogues the movements of New York chefs, changes in menus and opening hours and, sadly, but now more often, closures. On Sunday, when the *Times* is at its most enormous – it weighs 3lb – Miller and his French wife produce another column, usually of shorter reviews around a theme.

Miller's personal computer lists 475 restaurants, cross-referenced 35 different ways; by cuisine, whether they are open on Sundays and if they accept children are just three possibilities. There is a daily two-minute radio slot, the occasional piece for a leisure or entertaining supplement, and a 600-page guide to New York restaurants about to enter its fourth edition.

Miller's gastronomic workload is enormous. His eating-out expenses last year totalled $125,000, excluding travel (indeed, although he and his wife have lived in Manhattan for six years, they have yet to use their oven). Last year, when a major operation forced him out of the paper for some weeks, he did file one story from the hospital bed in California. Otherwise, his column appears 52 times a year.

Miller carries out all his reviews in the strictest anonymity; for instance, he books under pseudonyms and has four different American Express cards. Last year, one restaurant offered a photo of him around the kitchens of Manhattan for $100.

Miller is assiduous in his determination to tell readers exactly what any restaurant is offering; his columns read not as literary *tours de force* but as the judgments and tastings of a very experienced diner.

No sooner had we sat down to dinner than a notebook was out of his pocket and on his knee under the tablecloth.

On the only occasion that his cover was blown and a restaurant refused to serve him, he departed, consulted his editor and returned three months later. This time he sported a beard, slightly tinted hair and clothes chosen by a friend in the fashion business. He was not recognised.

Despite his food intake, Miller is a trim 39-year-old who, like all good New Yorkers, works-out regularly and watches what he eats and drinks. He began our meal with a cranberry juice and soda.

On average, he receives 75 letters a week from readers but, increasingly, his mailbag includes pleas from restaurateurs desperate for him to come and visit: only this, they say, will stop their doors closing for the last time. He tries to be sympathetic, particularly when he awards his star ratings (from none, poor, to four, extraordinary).

It will, however, need more than a string of favourable reviews from Miller to lift the New York scene today. When he began, restaurant arithmetic was straightforward: from a month's takings, one week would pay the landlord, one would buy the food, one cover wages and miscellaneous expenses and the fourth would go in the bank. After years of spiralling rents, though, the landlord's share of a restaurant's revenue has now increased to almost the equivalent of three weeks' takings. Banks and financial institutions will not even look at new restaurant ventures.

Miller acknowledges he has been fortunate, both professionally and personally, to review New York's restaurants at a time when standards of cooking and presentation have improved so much. He wishes he could say the same for service – amateurish service provokes over half his readers' letters. His one perennial complaint, particularly when confronted with a new restaurant's menu, is that they all try to offer too much. They should concentrate on less, he says, and do that well.

Meanwhile, if there is a restaurateur out there who wants to discuss any of this with Miller, he is not that difficult to find: he lives above one of those 13,000 restaurants.

Six tips for the Big Apple

Nicholas Lander offers some advice on eating in New York

1 Eating out in New York is cheaper than London, but not that much. Although menu prices are lower they do not reflect the total cost.

In England it is the law that menu prices include VAT (17.5 per cent) and most top restaurants now follow the French example and include service.

In New York menu prices do not include the state tax of 8.25 per cent or service. The restaurant will add the state tax and many customers just double that to arrive at the correct tip. This can add up to 25 per cent to the cost of each dish.

Some restaurants have attempted to include the service charge but met with resistance from customers not known for their reticence. New York diners wanted the opportunity to reward good service personally and to show their disapproval. The service charge is usually only included in hotel room service.

2 Dinner parties have never been that common in New York, partly because comparatively few city dwellers have apartments with kitchens and dining rooms large enough. But increasing dietary fads – no red meat, no dairy produce and no monosodium glutamate – have made even contemplating entertaining at home a minefield.

A Manhattan wine writer, with an excellent cellar, despairs of ever having the opportunity to show off his wines.

The only main course he knows that *will* meet with universal approval is pasta with a vegetable sauce. Instead, he meets his friends in restaurants and, wherever possible, tries to take along his own wine and pay corkage. This is still not widely accepted but Trattoria Dell' Arte, 900 Seventh at 57th (212-245-9800) is a notable exception.

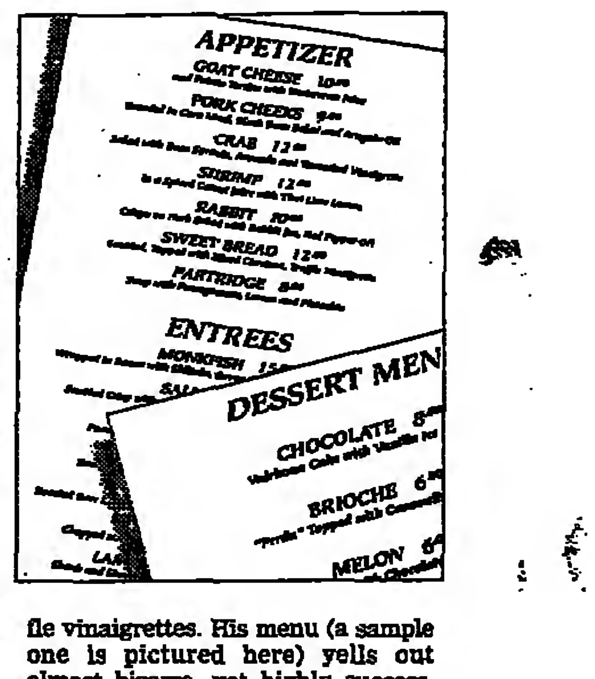
3 New York has acted as refuge for so many, for so long, that it is not surprising that the staff of many New York restaurants resemble a mini United Nations.

Take, for example, a meal at the Carnegie Deli (757-2245) close to the Carnegie Hall, famous for its 4in high sandwiches and immortalised in Woody Allen's *Broadway Danny Rose*. You are taken to your seat by a New York Jew; the order is taken by a smiling Filipino and your sandwich stuffed by one of a team of Puerto Rican short-order cooks.

In the top three French restaurants virtually all the commis waiters were of Asian origin. In ten years many of them will be either *managers* or proprietors.

4 The range of cuisine available in New York now matches the ethnic mix. But do not neglect the charms of native American cooking. Close to Bloomingdales is Arizona (tel: 206-838-0440) where, in its dining room or less expensive café you can eat chillis, blue corn, black bean cakes and Louisiana catfish with crab cornbread to your heart's content.

5 This panoply of chefs and cooking styles has left New Yorkers with less respect for that high priest of gastronomy, the top French chef. Gilbert Le Coze, proprietor with his sister, Maguy, of Le Bernardin (489-1515), the city's top seafood restaurant, is adamant that recognition and adulation are much harder to realise among New Yorkers than Parisians. The Le Cozes' original restaurant was in Paris but they were enticed to New York in 1986 by the offer of a fine site in the Equitable Life building, then under construction. Their new chef is Eric Ripert.



6 New York's hottest restaurant, Jo-Jo, (160E 64 Street, 223-5656) was recently opened by Jean-Georges Vongerichten, formerly chef at Restaurant Lafayette in Drake's Hotel.

Forty years ago the building was a private house and, although it is all quite intimate, upstairs at the back is *the* place to be.

Vongerichten's culinary principles call for a virtual absence of cream and an emphasis instead on oils and vinaigrettes – red pepper and arugula oils, tamarind and truffle vinaigrettes. His menu (a sample one is pictured here) yells out almost bizarre, yet highly successful, combinations: partridge soup with pomegranate; lemon and pistachio; shrimp in a spiced carrot juice with Thai lime leaves; salmon with a condiment vinaigrette and oatmeal pancakes. A stunning dinner for four, two bottles of wine, tax and service, cost $340 (£197.60).

Rioja and the French connection

Edmund Penning-Rowsell samples the wines of the Upper Ebro and detects a Bordeaux influence

THE RED wine of Rioja has always had an association with Bordeaux.

When phylloxera severely hit the Gironde vineyards in the last century many displaced *vignerons* crossed the Pyrenees, bringing their expertise to the region of the Upper Ebro.

Bodega owners took a good deal of advice from Bordeaux. The original *bodega* (cellar) of the Marques de Riscal was French-designed. Also, the traditional use of oak to infuse the wine often reminds Rioja drinkers of claret, although the grapes are entirely different.

The basic black grape, accounting for about 70 per cent of production is the native Tempranillo, full in aroma and flavour, but often short on acidity and rather soft.

The blend is usually made up with the Garnaocho (the Grenache of the Rhône), that provides alcoholic strength, the Graciano (acidity and freshness) and the Mazuelo (tannin and prolonged life). The Graciano and the Mazuelo are native to Spain.

White Rioja is made basically with the Viura, also a native variety, combined with the Malvasia and the white Garnacho. But the Sauvignon is also used. In grape terms the whites account for 15 per cent of total production, but only 10 per cent of the wine. Just as Trebbiano may be used in Chianti, so a small proportion of white grapes can be used in red Rioja, but this is now uncommon.

Although one or two senior *bodegas*, such as Murieta and Lopez de Heredia, have a reputation for their white Riojas, I tend to find them rather characterless. Better dry whites can be made elsewhere at similar prices. Evidently Riscal shares this view as its fresh, crisp white wine is made in Rueda near Valladolid.

Although Rioja, alone in Spain, has the superior appellation of *Denominacion de Origin Calificada*, its hierarchy depends on use of oak combined with age. The basic wine, about half the output but likely to decrease, is without oak ageing – *sin crianza*.

It can be sold without any age stipulation, but it accounted last year for less than a quarter of UK imports. *Crianza* on the label means that the wine has been aged for at least one year in oak, following the first January after the vintage, and is generally sold in its fourth year.

Only a very small amount of this is sold in bulk, mostly to the Swedish and Norwegian monopolies, and this may cease at the end of next year as the Spanish authorities would like Rioja to be exported only in bottle.

Bottled *Crianza* Rioja represents 40 per cent of export sales and half British imports. Some *Crianzas* have more oak-ageing than the minimum, and selling for £4.50 to £6 these fruity, ready-to-drink wines, seductively oaky, are good value.

Rioja's special pride is its *Reservas* and *Gran Reservas*. The former must have three years' ageing, one in oak, and is first sold in its fourth year. The latter have two years' minimum oak and three in bottle, or the other way round, and are marketed first in their sixth year.

The youngest *Gran Reserva available* is the 1985, though some *bodegas* keep these two catagories much longer. Rioja Alta's Gran Reserva 1981 had five years in cask and four in bottle. Not surprisingly the ex-cellars price of this is the equivalent of £10 a bottle and, if available here, will not be much less than £20.

In Spain not more than 8 per cent of all Rioja consumed is of these two categories, but abroad they account for nearly 20 per cent. In 1988, the UK imported 135,000 cases, but last year the total was just under *100,000 cases, with about* one-third *Gran Reserva*. Laymont & Shaw, Millpool, Truro, Cornwall, is a Rioja specialist with wine from ten *bodegas*.

Rolling out the barrels: bodega Muga, Haro, Rioja Alta

Meat and drink for Madrileños

Peter Berlin feasts on some Spanish specialities

IN THE mountains north of Madrid, where Madrileños escape in huge numbers at the weekend, every corner on the crowded main roads seems to hold a restaurant boasting *Carne al Horno* – meat roasted in an oven. The speciality is roast suckling animals: lambs and piglets which are slaughtered before they are weaned. Segovia to the north of the Sierra, is particularly famous for *cochinillo* or suckling pig, as is Pedraza, a tourist trap of a village, 50 km further north west.

In Navacerrada on the south side of the mountains we stopped on a back street at *Casa Felipe* where the speciality is suckling lamb or *cordero*. It was 5pm but the well-lit top floor dining room was still packed with families enjoying a late Sunday lunch.

We ate downstairs, where tables were shoved together for the 13 of us. Bread and some tasty, fatty paté were plonked down before us while we considered the menu. I started with a tasty, ungarnished gazpacho (a cold tomato soup), one friend tried, and enjoyed, the *sopa castellana*, a thick soup made with bread and meat, the mixed salads served as starters were practically a meal in themselves and, for a change, none of the Spaniards complained about the *tortilla de patatas*.

The surprisingly long menu also contained the ubiquitous fish and seafood, even though the town is nearly 200 miles from the sea. With refrigeration shellfish can be eaten safely even in high summer, even far inland, even in a month which does not contain an "R". But, on hot summer days bacteria can breed very fast, so be wary, especially if the shellfish is on display, however appetisingly, in a *couleur* on the counter; they are not always able to withstand 40°C heat.

Spaniards are also worried about salmonella in eggs. Those I was with would not order dishes with boiled eggs or mayonnaise – but the scare is not so severe that they will forego tortilla.

The Spanish approach to cooking meat is uncomplicated. Suckling lamb or pig is roasted whole and to a crisp. A portion of lamb – a leg and part of the ribs which came with a large dress-it-yourself palate-cleansing salad of lettuce and onion was more than enough for the two of us.

At Méson don Cándido, the most famous of Segovia's restaurants, the waiters break the *cochinillo* with plates. In *Casa Felipe* they used spoons on the *cordero*, as Chinese waiters do with Peking duck, but without taking the meat off the bone – the ribs of the lamb are too small for that. This makes for a highly interactive meal, with plenty of gnawing at tiny ribs and picking away with fingers. The crackling, which is what this dish is all about, was crisp on the outside and fatty and chewy on the inside and, like the meat, dissolved on the tongue. The flavour of lamb is subdued but clear and there is no seasoning, only the distinctive bouquet of the oven. The dish is most of all an experience in textures.

Even more straightforward was the *Buey a la Brasa*, grilled beef. A huge slab of grill-browned beef hanging off the side of the plate, served simply with chunky, crispy, chipped potatoes and grilled whole green peppers. Jaimé, who ordered it, had just returned after living in New York. Would he call it a steak? He meditated for *a moment*. "No," he replied with an air of supreme contentment. "It is too big!"

Where to obtain Rioja

DISTRIBUTION in the UK of these finer Riojas is widely scattered, but in the following short selection their range, and their lowest prices on leading merchants' lists, may help fill in the picture.

■ Marques de Riscal Reserva '86, £6.50 (Army & Navy Stores, London, SW1); C.U.N.E. Reserva '85, £6.99 (Lay & Wheeler, Colchester, Essex); Marques de Murrieta Reserva '85, £11.50 (Avery's of Bristol); C.U.N.E. Imperial Reserva '85, £8.75 (Wine Society, Stevenage).

■ Rioja Alta Vina Ardenza Reserva '83, £8.95 (Laymont and Shaw).

■ C.U.N.E. Vina Real Reserva '85, £8.81 (Corney & Barrow).

■ Rioja Alta Gran Reserva 904 '78, £14.30 (Lay & Wheeler); Marques de Caceres Gran Reserva '78, £10.52 (Lay & Wheeler); Lopez de Heredia Vina Tondona Gran Reserva '73, £16.84 (Tanners, Shrewsbury); Rioja Alta Gran Reserva '73, £22.55 (Adnams of Southwold).

■ There is now a trend towards single-vineyard Riojas, of which the most notable is Contino. Lay & Wheeler lists the '86 Reserva (£9.49) and the Wine Society the '85 Reserva (£8.75). Another single-vineyard is Remelluri, with the Reserva '85 (Wine Society, £7.25) and a third prominent one is Amezola de la Mora.

■ The new bodegas of Baron de Ley and Compello will certainly be single-vineyard wines and, judging from those I tasted on a recent visit, these are developments to be watched and encouraged.

■ Rioja does not leave the ranking of its vintages to the producers – or to wine writers. The governing body, the *Consejo Regulardor*, issues a list of five levels: E *(excellente)*; MB *(muy buena* – very good); B *(Buena)*; R *(Regular)*; D *(Deficiente)*. Only '82 has been awarded an E; '87, '81, '78, '75 and '70 MB; '90, '89, '88, '85, '83, '80, '74, '73 graded as B; '84 and '79 as R; and '72 and '71 as D. On the spot I sampled some excellent '85s.

The finer Riojas are worth exploring. If, initially, some look expensive, a glance at the lists of similar-aged, often less mature, class-growth clarets and premier cru burgundies might be instructive.

Hangovers I have nursed

YEARS AGO I possessed a copy of Kingley Amis's amusing short book *On Drink*. I valued it for its lively description of hangovers, *which the writer separated* into physical and metaphysical manifestations.

One day, in an excess of high spirits almost certainly engendered by the subject matter, I lent it to a girl and I have never seen it since. It was therefore a pleasure to rediscover this, and other gems, in the latest Faber anthology *of Drink, Drinkers and Drinking* edited by Simon Rae (£15.99).

A good anthology is bound to be a cocktail of the familiar and the unfamiliar; some lovely passages of Bacchic poetry and prose are included here, others are not. Just occasionally Rae appears to lose sight of the bottle altogether while the message in other sections is advisedly grim: a health warning has been appended. This is definitely a book for the 1990s.

The message seems to lie in an extract from Othello included here. Cassio lamenting his drunkenness exclaims: "O God that men should put an enemy in their mouths to steal away their brains!" To which Iago eventually replies that wine is: "A good familiar creature if it be well used." Abused, it turns us all into pigs.

Pigs figure largely in this anthology; some have the excuse of Circe's spell, others do not. Milton is particularly cruel to the drunkards: "And they, so perfect is their misery,/not once perceiving their foul disfigurement,/but boast themselves more comely than before/And all their friends, and native home forget/To roll with pleasure in a sensual sty."

Rae's parties seem both dull and arid; but I enjoyed learning from Roland Barthes that a whisky hangover was the most tolerable of all. There seems to be a shortage of Smollett, Peacock and even Byron to add a little light-heartedness.

It is right to point out how much misery was caused by prohibition in the US. I have always thought that the celebrations which greeted its repeal must have been one of the best parties. The equivalent in English history was surely the restoration of the monarchy after the interregnum and the new liberty introduced by Charles II. Even the former Cromwellian Pepys got drunk, writing: "My head began to turn and I to vomit"; while Cowley wrote: "There is no stoick sure who would not now,/Even some excess allow,/ And grant that one wild fit of cheerful folly/Should end our twenty years of dismal melancholy."

Events of this magnitude are worth the hangover, physical and metaphysical.

Giles MacDonogh

Austrian puddings to stir memories

FOR MANY people, their happiest memory of Austria is an eventful skiing holiday and their most joyful memory of an Austrian meal is a sticky cake or pudding consumed after a tiring session on the piste.

In the past, Austrian pastry cooks had a reputation greater than their French rivals and it is not for nothing that the whole French style of *Viennoiserie*, which encompasses croissants (a celebration of the raising of the siege of Vienna in 1683) *brioches* and bullet-shaped *Gugelhupf* cakes, was created in self-conscious imitation of Austrian models in the Belle Epoque.

Austrian specialities are still part of the basic vocabulary of the pastry chef, and it would be unthinkable that they should leave college without knowing how to make a *Sachertorte*, a *Linzertorte* or an apple *Strudel*.

Naturally Austrian puddings have a little more to offer than these old standbys. For a start there is no limit to the sort of things with which you may fill *Strudel* dough. In Burgenland the *Strudel* is often savoury and I have often eaten bean, cabbage, polenta and meat *Strudels*. Dessert *Strudels* are often made with plums and cherries, pears or even the ubiquitous poppy seeds which meant to account for the doziness of the rural Austrian population.

Probably the most popular *Strudel* in Austria is the *Topfenstrudel*, which has superseded the cream-filled *Milchrahmstrudel*. *Topfenstrudel* is made with quark or *fromage frais* with a smattering of sultanas. *Palatschinken*, pancakes filled with apricot jam or buried under chocolate and cream, come from Hungary; another instance of how the magpie Habsburg culture borrowed from its subject races. *Knodel* or dumplings are said to have originated in Bohemia, where many of the best Imperial pastry chefs came from too. The best sweet *Knodel* is the *Marillenknodel* which is sometimes referred to as a *Waschermadel*, or washerwoman, in the country. Marillenknodel are balls of breadcrumbs encasing an apricot.

Buchteln, Wuchteln, Baudexen or *Beugeln* are yeast dumplings usually filled with a spiced plum jam called *Powidl* (another Czech word). Some of the heartiest – and the best – Austrian puddings are called *Auflaufe*. These come closest to the British steamed pudding; but they are light-years away in their invention and variety.

***Giles MacDonogh** slopes off to try some cakes*

Possibly the best pudding I have eaten in Austria was a plate of *Mohnnudel* in the Stadthotel, Eggenburg, in the Weinviertel. *Nudel* are fat noodles made from potato flour; and *Mohnnudel* are served with poppy seeds and clarified butter. It was not a pretty dish to look at, reminding me of a lot of maggots under an upended ash tray, but it was good to eat.

In London the nearest thing we have to an Austrian cake shop or *Konditerei* is Gloriette in Knightsbridge.

Gloriette was founded in 1957 by Prague-born Irma Federer (yet another instance of Bohemian supremacy) and has been serving coffee and cakes to regulars and tourists ever since. Visitors expecting an Austrian *Cafehaus* might regret the absence of newspapers and the weakness of the coffee; but Mrs Federer's granddaughter, Susanne Edler, tells me that their clientele does not require such a faithful reproduction of a Viennese local.

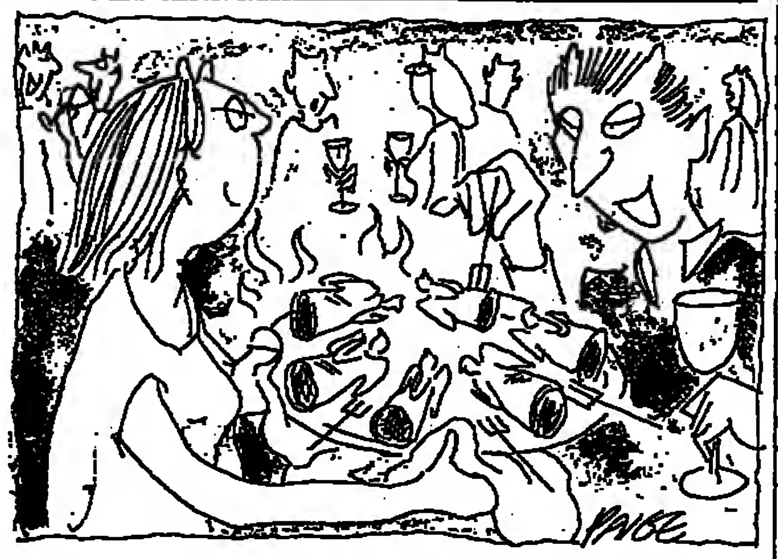
The cakes are made in a full-scale bakery around the corner and the Gloriette leads on its classic apple *Strudel*, made with cinnamon, lemon juice, sultanas and biscuit-crumbs, *Sachertorte* – made according to the dissenting Demel receipt with a layer of apricot jam running through the *genoise* – and Esterharzy slice, flavoured with *Hirsch*. There is also a remarkably good *Linzertorte*.

For Christmas the Gloriette makes *Stollen*. These central German cakes come from the word for a tunnel and are filled with fruit and nuts (though not normally cherries). They also make the more Austrian little cakes and biscuits known as *Weihnachtsgeback*. Providing you order in advance, the Gloriette's bakers can knock up any number of Austrian delicacies. It can fill your *Strudel* with apricots and plums or even make a super-gooey, Hungarian *Dobostorte* which, in spite of its Magyar origins, was very likely the thing you liked so much on that skiing holiday.

■ *Information: Gloriette, 128 Brompton Road, London SW7. Tel 071-589-4750. Open Mon to Sat 7am to 7pm.*

Mrs Edler at Gloriette with a tray of mouth-watering pâtisserie

Colin Beere



Cookery

Eats to go with drinks

***Philippa Davenport** borrows some party recipes*

IF I were giving a drinks party this Christmas I would love to have Lorna Wing do the catering. Her eats are always a cut above the rest: stylish, imaginative and delicious.

Left to my own devices I would be tempted to serve just one dish – in unstinting quantity of course, for the lavish scale of a spread, even if the chosen ingredient is quite modest, creates a mood of opulence and generosity that is just the scene setter needed for a happy and successful party.

A hot contender for my party piece would be devils or angels on horseback. Whether the filling is smoked or fresh oyster, chicken liver or prune does not seem to me that important. It is the sizzle of the bacon and its appetising smell that make this savoury so appealing.

Even less resistible are piping hot baby sausages fresh *from "grilling" in the oven*, piled in warmed bowls for spearing on sticks, served with platters of brine-silky oysters on beds of crushed ice as chasers. The contrast of alternate mouthfuls, hot meaty bite and cool slippery mollusc, is sublime.

Party-givers thoughtful of vegetarian friends might create quite a splash by offering a huge bowl of melting fontina cheese with shavings of truffle scattered on top, and piles of the crispest and thinnest little batons of Torino-style grissini you can find for dipping.

Here are some other ideas which I have gleaned from this year's crop of cookbooks.

CHEESE CIGARETTES

This recipe by Claudia Roden comes from *The Daily Telegraph Weekend Cookbook* (Macmillan, £14.99). She advises baking, not frying, for light and crisp results.

12 oz feta cheese or a crumbly goat's cheese; pepper and a pinch of nutmeg; a good bunch of mint, parsley or dill, finely chopped; 8 oz phyllo pastry; 3-4 tablespoons melted butter or oil.

To make the filling, mash the cheese with a fork and mix in pepper, nutmeg and the herbs. Cut the pastry sheets with scissors into rectangular strips about 3 in wide and put them in a pile so that those underneath do not dry out.

Brush the top of one strip very lightly with butter or oil. Put a heaped teaspoon of filling at one end and roll up the pastry lengthways over it. Turn the ends in about one-third of the way along to trap the filling, then continue to roll like a cigarette, leaving the ends seemingly open. Do the same with the rest of the pastry and place the little rolls on a greased baking sheet. Brush the tops very lightly with butter or oil and bake in a moderate oven, 180°C (350 °F) gas mark 4, for about 25 minutes or until golden.

CRISP FRIED OKRA

A crunchy offering from Susie Jacobs' *Recipes from a Greek Island* (Conran Octopus, £15.99).

2 lb okra; 4 fl oz vinegar; 1¼ pt olive oil for frying; salt and cayenne pepper.

To clean okra, wipe off the bristle with a towel. Cut away the stem without opening the pod, and soak in 4 fl oz vinegar with a little salt in a shallow dish. This is best left *in the sun for two hours*. Rinse the okra well and drain. This has the effect of removing the sticky juice, which would make the fritters soft.

Dry and slice the okra into ½ inch pieces. Heat the oil in a wok or deep-fat fryer until the surface starts to tremble. The oil should crackle if you sprinkle it with drops of water (stand well back).

Fry the okra by scattering it into the oil, about a cup at a time, so that the temperature of the oil does not drop too far. Stir with a slotted spoon to turn the pieces in the oil. When the okra is burnished brown – one to two minutes – it will be crisp. Remove with the slotted spoon, drain on kitchen paper, sprinkle with salt and cayenne and serve.

BAKED OLIVES

Another recipe from Susie Jacob, who writes: "Originally the dish of olives would have been placed by the side of a fire to heat and macerate."

1 lb Greek olives – any variety, they can even be mixed; 16 fl oz red wine; 4 garlic cloves, sliced; 2 bay leaves; 4 strips of thinly pared lemon zest, each about 2 inches long; 1 teaspoon dried mountain thyme; 1½ fl oz mastic liquor or ouzo; 6 twists of the peppermill.

Combine all the ingredients in a flameproof casserole and bake, covered, in an oven heated to 350°F (180°C) gas mark 4, for 30 minutes. Eat the olives hot or cold.

SPORT

Tennis/**John Barrett**

Clothes peg who needs inner steel

IT IS a matter of taste, really. You either love him or loathe him according to which side of the divide you belong. The over 40s see him as an insufferable show-off, a sporting phoney concerned merely with the commercial exploitation of his looks and talents.

The young hail him as the new man on the tennis block, the rebel against stuffy conformity in dress and behaviour (he once called the president of the French Tennis Federation a "bozo"), the supreme sporting showman.

At the age of 21, Andre Agassi – he of the tinted blond locks, unshaven chin, psychedelic outfits and flailing forehand – has got life licked. Or so you would think. He has all the trappings of stardom: almost $4m (£2.3m) in the bank from prize money alone and at least three times that from endorsements, a jet-set lifestyle in keeping with his Las Vegas origins, and the adulation of screaming teeny-boppers. Yet there is something missing. Agassi's fellow professionals are not ready to acknowledge him as a true champion. That is why Andre is still a loner, looking faintly ridiculous in the black shorts, black and maroon shoes and garish shirts that are cut short at the front to reveal a hairy navel every time he serves.

It is because of this that this week's events in Frankfurt's superb Festhalle are so important. Here, 12 months ago, Agassi put behind him failures in two grand Slam finals (Paris and New York) to win his first and only important title, the ATP Tour championship.

In the final he played magnificent attacking tennis to unseat the top seed and world No 1, Stefan Edberg. But even that win had been devalued because of the format of the event. Agassi had lost comprehensively to Edberg in the round-robin section of the tournament. The ordinary tennis public found that anomaly difficult to understand.

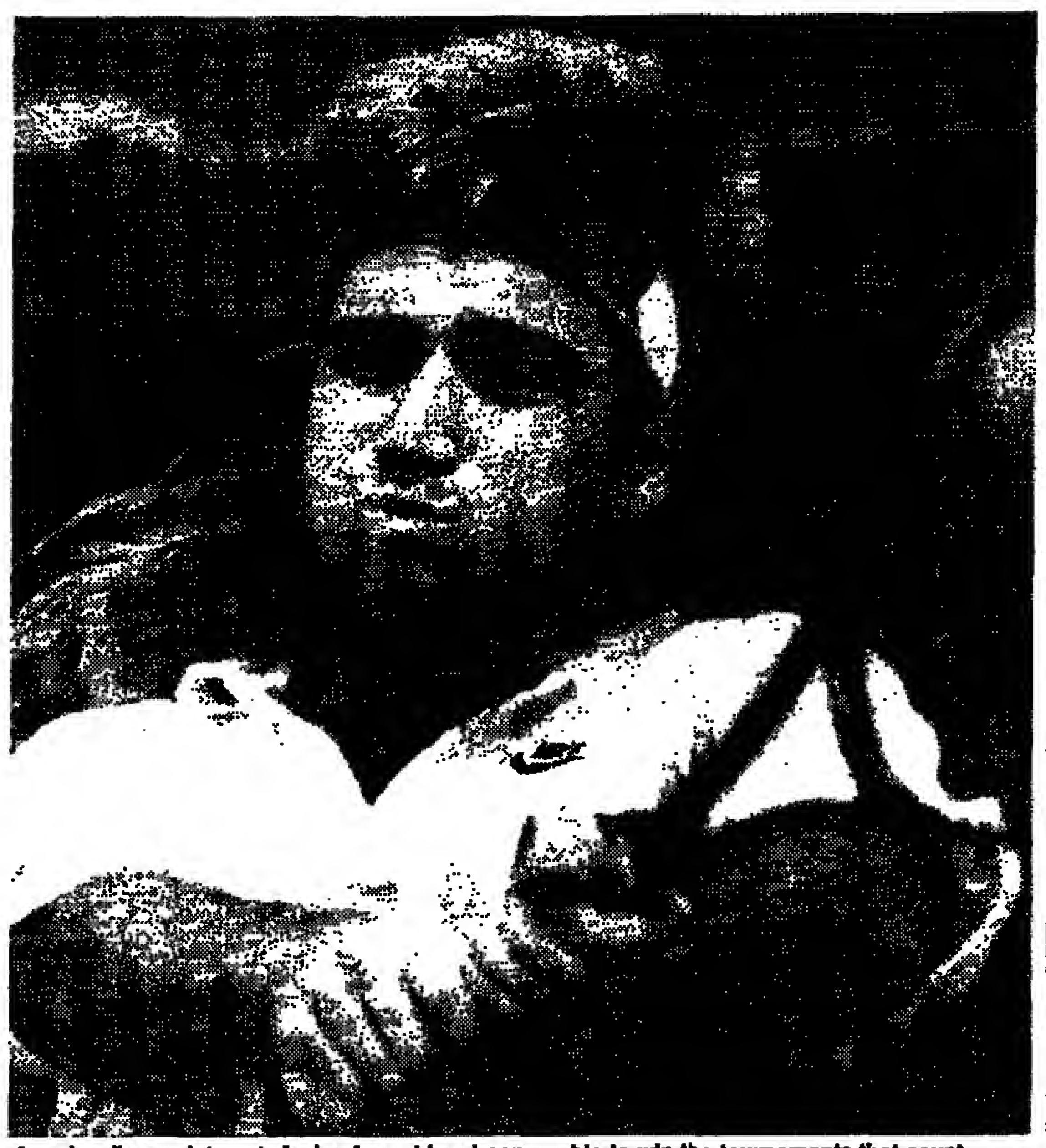
Not so his fans. They trumpeted the win as evidence that the new-look Agassi, with, he told us, an added 20 lbs of muscle, would be the next great American champion. He was ready, said his fans, to fill the void left by Jimmy Connors and John McEnroe.

It has not happened – not yet, anyway, for there has been another season of frustrating failure in the major championships. For the second year in Paris, Agassi was worsted in the final. It was bad enough to have been beaten in 1990 by the ageing Ecuadorian Andres Gomez, who embarrassed him with canny tennis. This year it was worse. His conqueror last June was Jim Courier, his pal and sometime room-mate at the Nick Bollettieri academy in Florida.

Coming after his loss to another of young American with a Bollettieri connection, Pete Sampras, in the 1990 US Open final, his critics were beginning to say that Agassi did not have the true belief of a champion. They labelled him "Top of the Flops".

Wimbledon 1991 provided relief. Treading a new stage, Agassi, pristine in his whiter-than-white garb, captivated his fans. A series of spectacular, smiling wins disarmed critics before he exited, injured but resisting bravely to the end, against countryman David Wheaton in a five-set quarter-final. Agassi's second visit to headquarters had been a fine PR job.

Then came renewed gloom at the US Open where Aaron Krickstein, yet another former Bollettieri pupil, thrashed Agassi in the first round. To make matters worse, Connors stole everyone's limelight before bowing out to tumultuous applause in a predictably one-sided semi-final against Courier.



A major disappointment: Andre Agassi has been unable to win the tournaments that count

Hence the pressure on Agassi to deliver in Frankfurt this week, where a spectacular win against Becker was followed by another loss to Sampras on Thursday that prejudiced his chances of reaching today's semi-finals.

What is the truth about this complex character who travels the world with his bald, bewigged brother Philip, collecting appearance fees like Monopoly money? Is he merely the product of clever marketing or is he a fine tennis player with the potential for greatness?

And what really happened last year at the Davis Cup final when, with the tie against Australia already won, Agassi retired against Darren "Killer" Cahill with a stomach injury and then, that evening in a pancake restaurant, gloated with Philip about getting out of his commitment to play two weeks later in the Compaq Grand Slam Cup.

Agassi is a product of the times, a born-again Christian with a passion for fast cars and electronic games who likes to share his private life only with close associates and girlfriend Wendy. The son of a former Iranian Olympic boxer, Agassi is an entertainer who loves to communicate with his public.

But he finds it difficult to perform on the big occasions, even though, in fairness, he played brilliantly to beat both Michael Stich and Carl-Uwe Steeb in the Davis Cup semi-final against Germany in September. Will he be able to produce the goods in the final against the French No 1, Guy Forget, on a fast indoor court in Lyon next month? After a season of mixed fortune, that will be the real test.

One of Agassi's problems is technical. Possessed of wonderfully sharp timing, he has the ability to stand on or inside the baseline (like another Bollettieri product, Monica Seles), firing huge drives, single-handed on the forehand, two-fisted on the backhand, that are often half-volleys.

Appropriately for a resident of Sin City, he has the instincts of a gambler. Not for him the safety-first of long rallies; he prefers to stake all on a desperate early throw. It is spectacular and works well on slow courts like the carpet in Frankfurt or the clay of Paris. But it is risky, and requires a steely nerve. When the timing is a little off there is no middle game to fall back on, so that the losses, when they happen, tend to be quick.

Perhaps, in this age of media hype, we expect too much of our sporting heroes. Of late, international tennis has had too few really charismatic characters like Agassi. Let us then, be thankful for his presence and simply sit back and enjoy what he has to offer.

Golf/**John Hopkins**

Watson: the captain the Ryder Cup needs

THE announcement that Tom Watson is to captain the US Ryder Cup team in 1993 is the best thing that has happened in golf since – well, since the Ryder Cup last September. If I was asked to choose the ideal US captain for the 1993 team it would be Tom Watson closely followed by Hale Irwin. The last person I would pick is Paul Azinger.

The events at Kiawah Island two months ago were extraordinary. Who would have thought that after thousands of strokes it would all come down to the final stroke by the final pair on the final green? Or that players from both sides would be united in their belief that they had undergone something greater than a golf event?

Watson did not experience this memorable occasion first hand. Dave Stockton, the US captain, preferred to select Ray Floyd and Chip Beck. Nonetheless, Watson sent his countrymen a telegram wishing them well. It was pinned on the wall of their caravan.

To understand why Watson is such a good choice as captain it is necessary to understand him. Though an American born and bred, he cherishes the game in Britain as much if not more than the game in his home country. He understands golf's nooks and crannies, the unfairness of it, its special appeal. Watson would never have played St Andrews and then said "they ought to pretty up the place a bit" as one US player is alleged to have said after his first visit.

After Watson had won the 1983 Open at Royal Birkdale, his fifth victory in the oldest of all major championships, his wife Linda explained why he played so well in Britain. I half knew the answer. Watson is more British than many Britons, a man who dresses for dinner, queues happily for fish and chips, has no difficulty in driving on the left and does not complain about the warm beer or lack of air conditioning.

His friend Sandy Tatum, a lawyer in San Francisco, tells the story of flying to Britain for a golfing holiday with Watson. "We were on the third hole of Royal Dornoch," wrote Tatum. "The weather was wet and blustery, giving those glorious links just the right combination of challenges. With the wind whipping his clothing and the rain spattering his face, Tom turned to me with a look of absolute joy and said: 'This is the most fun I've had playing golf in my whole life.'"

So it was no surprise when Linda said that Tom was very British. "He thinks the people are so polite and courteous to us in a way they are not, unfortunately, at home." Later, Watson himself told me: "Britain is the last civilised country."

Tom Watson is a traditionalist, one who understands the purpose of golf as a game that tests your honesty and integrity as much as your courage. If you cheat at golf, Watson thinks, then there is no point in playing the game, a philosophy that was dinned in to him when he was very young. It was this philosophy that made him accuse Gary Player of cheating a few years ago.

He was brought up in a hard school, playing with his father and his father's friends at the Kansas City country club. One of the men was known as Hook because he tended to; when young Watson found his ball in a bad lie, Hook would say sternly: "Play it!"

In his teens, Watson faced his father in the club championship and half expected to be given a short putt on one green. "Putt it!" he was told. The lessons and values he learned from these men make Watson one of the leading guardians of the rules of golf and of the spirit of the game, and explain why he contributes to a series of booklets interpreting golf's sometimes complicated rules. Watson receives no payment for these contributions.

There were a few things at Kiawah that would have upset the Watson whose character I have just painted. He would not have liked the excessive partisanship that was evident, as much from the few thousand European supporters as from the many more thousand home fans.

And he would have disapproved of the way that some US players appeared to urge spectators to applaud European mistakes. Gloating in victory is as foreign to Watson as sulking in defeat. He knows how to win because he has had to learn to lose.

The selection of Watson is an inspired one because the Ryder Cup needs to be toned down a little. If anyone can do this, he can. At Kiawah the hoopla was just too much. There was, for example, the spectacle of Steve Pate and Corey Pavin wearing combat hats and Paul Azinger's well-publicised remark that "we went over there and thumped the Iraqis, and now this."

Perhaps such behaviour was in accord with the tone set by the magazines that labelled it the War by the Shore, but Watson would hardly have found it appropriate for a game. Nor would he have found it appropriate for another US magazine to liken the Europeans to the Iraqis in the Gulf war: "They roar like lions but run like rabbits."

Watson conducts his life according to his own set of rules. He is said to be a Democrat and the only player on the US tour to have voted for George McGovern in 1972. It is thought that he disapproves of skins games, in which three or four players compete for a sum of money that increases on each hole. He considers that sort of golf to be demeaning to the game and its traditions.

He has never visited South Africa. He recently resigned from Kansas City country club when it rejected an application for membership from a prominent Jewish businessman. "There are moments of existence that challenge our values," says Watson. "My decision to resign was a matter of personal conscience, brought to the forefront all the more because my wife and children are Jewish, though I am not."

The Ryder Cup is on the verge of a crisis, a crisis brought about by its recent, sudden success. It needs someone with Tom Watson's values to help steer it in the right direction. Now it has got him.

GARDENING

New avenues to explore

***Arthur Hellyer** on an important decision at Hampton Court*

THE LIME avenues at London's Hampton Court Palace have caused a good deal of controversy. The avenues, although not all planted at the same time, all formed part of a grand scheme devised by Sir Christopher Wren when he enlarged the palace for William and Mary.

Basically, he added to the double avenue of limes which follows the line of the Long Water, the artificial canal which extends from Great Fountain Court far into the park towards Kingston, two other avenues radiating to left and right to form a huge *patte d'oie*, or goosefoot, in the French manner. Wren joined these at both ends with cross avenues and, where the outer of these linked with the radiating avenues, he planted large circles of lime for an emphatic termination.

That was all completed by 1710. The European lime, which was the species used throughout, has an average life-span of about 200 years so, for a long time, trees have been dying of old age as well as being destroyed or damaged by other causes. The great storm of October 1987 did a vast amount of damage to the long cross avenue at the Kingston end and also to a dog-leg section which forms an extension of this avenue towards the River Thames. Now a final decision has been made to clear-fell this far area, both the cross avenue and the dog-leg, over the next four years, and to replant with young lime trees of the European species.

The Historical Royal Palace Agency, which is responsible for all this work, took me to Hampton Court to see what is proposed and what has already been done. The much shorter avenue at the heel of the goosefoot, the one that is in the Great Fountain Court, has already been replanted. Work started in 1987 and so it gives an idea of what is involved. Heavy standard trees about 12ft high have been used and the result is impressive.

One of the objections to clean-felling and replanting with young trees is that it is too great a shock for the landscape; that the small trees make no significant impact for 15 or 20 years. In fact, this new avenue already has great beauty, the beauty of youth and symmetry. No one could walk away from it and call it insignificant. With luck, the trees will continue to grow at a uniform pace for years and, throughout that period, will be good to look at.

Original avenues of lime trees near the Long Water at Hampton Court

Exactly the same should apply to the cross avenue, the circles, the dog-leg and the main avenues should it be decided to replant these as well, which I think must be the conclusion from the exhaustive studies that have been made and the success of the relatively small replanting that has been completed.

Although the radiating avenues do still retain some shape, they have lost all uniformity because they include trees of many different ages and of several different species. They are not even continuous, least of all the cross avenue and the dog-leg where whole sections are missing and the trees are not all in straight lines. Some of these faults could be rectified but no uniformity could ever be regained and that is one of the most important qualities of an avenue.

There are some critics of clean-felling who believe that it causes too great a disturbance of the natural environment. That might be so in some places but not at Hampton Court where the park is large and tree-planting, quite apart from the avenues, is heavy with single specimens and coppices. To replace about 340 trees each year will make no appreciable difference to wildlife since there will still be many alternative habitats.

It is precisely because there are so many trees of different species and ages – and a constant policy of renewal – that it is so necessary to ensure that the trees in the avenues are uniform, evenly spaced and in straight lines. The eye would otherwise tend to become confused between the avenues and trees that have nothing to do them. This is particularly true of the cross avenue because of the big gaps caused by the 1987 gale and the way some replacement trees have been planted out of line.

The HRPA is responsible for various properties belonging to the Crown and it is publicly funded. However, it has been offered a contribution to the Hampton Court scheme of £70,000 by the Prince of Wales' Royal Parks Tree Fund.

All the heavy standard trees will come from the Netherlands, which is where they came from in Christopher Wren's time. It is the only place where the necessary quality and quantity of European lime can be obtained, as it is no longer a popular ornamental tree. It has been chosen partly for authenticity, partly because it is fast-growing.

The Hampton Court Palace gardeners intend to replant some of the younger avenue trees elsewhere in the park. They alsohope to propagate from some of the original lime trees that are still in good health with a method used when they were first planted atHampton Court.

Plant of the week

Fothergilla major

SOME OF the richest autumn colour is produced by this deciduous shrub, the leaves being flushed with yellow, orange, red, crimson and maroon. In summer, it resembles a neat nut bush and has a similar tendency to produce strong growth from the base, which should be preserved. The flowers, which come in May, are curious and attractive although not spectacular: little slender bottle-brushes which look creamy-white at a short distance but, in fact, have pale pink stems, yellow anthers and no petals.

Average height is 6 ft and the bush is about the same width but can grow larger in rich, loamy soil. It dislikes lime or chalk but will thrive in most neutral or acid soils that do not dry out badly. Bushes can be pruned lightly in winter.

A H

Sketched left, top left to right:
■ Darkly striped pyjamas, £67.50 from Simpson of Piccadilly.
■ A sweater for the golfing set, £115 from Simpson of Piccadilly.
■ Dark green, navy blue and red enamel and crystal gold plate semi-circular earrings – £19 from Saville-Edells.
■ Wonderfully plain frames in bevelled glass with brass trim, 10 by 15 cms, horizontal or vertical, from the General Trading Co. £11.75.
■ Pocket microscope, perfect for naturalists, weighs just 2 ½ oz and is just 5 in long yet magnifies 30 times. £12.95 from The Natural History Museum Collection.
■ Linenfold candles which need no holders. Two sizes, 3¼ in square (£10.50) or 4¼ in square (£12.50), from Barclay & Bodie.
■ Tyrannosaurus Rex – wooden assemble-it-yourself model kit. £3.99 from Letterbox.
■ A potato-powered clock – strange but true – £13.95 from the Science Museum.
■ Miniature cooking range for dolls' house owners, £12.95 from The Dolls House Emporium.
Bottom, left to right:
■ Bronze candlesticks with the fashionable oxidised finish, £19.95 a pair from Past Times.
■ Multi-layered steamer with a 5¼ pint base section. £34.95 from Scotts of Stow.
■ Buttercup yellow pitcher with an inscription found on a 19th Century English pitcher. £22.50 from the V & A.
■ Miniature leather steamer trunks for storing anything from jewellery to cuff-links, letters or trinkets. Ostrich, brown lizard or black with tan, 5 in wide by 3 in deep by 4 in high. £85 from Barclay & Bodie.
■ A silver-plated tea-set cast from original 1930s moulds by the French designer Tetard, £149 the set from the V & A or from The Science Museum.
■ Long-sleeve night shirt in pin-stripe cotton with front embroidery. £47 from The General Trading Company.

Ashley Lloyd

How to send it this Christmas

Deliver all your presents in one trip to the letter box. Lucia van der Post picks the best catalogue gifts

"SITTING down with a catalogue is as much fun as going to a party," one infatuated American mail order groupie is rumoured to have said.

Well, here in Britain, anybody who could say that must be going to some very strange parties. This year's crop of catalogues is decidedly low on the glamour stakes, with usefulness – allied in the best of them to a certain level of charm – the main ingredient.

However, the good news is that this means that nobody should find their doormats too heavily laden, their wallets too badly hit or their patience too tried. This year catalogues are to the point, practical and, above all, blessedly lean and fit.

So here, for those who have decided that this year's Christmas shopping is going to be done without entering a shop, are some of the best of the mail order catalogues around.

The General Trading Company, 144 Sloane Street, London SW1X 9BL. Catalogue £1. Tel: 071-730-0411.

A perennial favourite – a carefully edited selection of presents for all age-groups. Source of possibly the most attractive of all Christmas decorations – Florentine paper covered crackers, Florentine tree ornaments and gold crackers seem to be big this year.

Lots of exceptionally charming house presents – candles, picture frames, quilted white cotton bedspreads, wonderfully plain glass photograph frames (sketched right). There is a slim silver-plated case holding an alarm clock and a photograph frame for Him (£57.60), a wooden croquet set for all the family (£319.70), a splendid cotton travelling rug with dog or pheasant motifs (£39.95) and some suitably tasteful (of course!) toys for children.

Barclay & Bodie, 7 & 9 Blenheim Terrace, London NW8 0EH. Catalogue £2, refundable on first order. Tel: 071-328-7879.

A newish shop in London's St John's Wood which has an exceptional collection of desirable things, whether for presents for oneself or for the house.

This year it has a small full-colour leaflet from which things can be ordered by mail – the linenfold candles (sketched right) are on it but there are also interesting and unusual candlesticks, flower holders, a cherrywood Shaker basket with a lid, embroidered guest towels, faux tortoiseshell combs and powder compacts. There is also an excellent collection of decorative prints and pictures, many of them from the Deep South and New England, at good prices. Make it to the shop if you can but if you cannot the catalogue is the next best thing.

Past Times, Wootton Business Park, Abingdon OX13 6LG. Catalogue free. Tel: 0865-326000.

Heavy doses of nostalgia here but then its aim is unashamedly to recreated designs and artefacts of the past. The result is a mixed catalogue with some things one would love to find all neatly wrapped under the tree and others one will be fervently hoping to be spared.

Personally all the Celtic jewellery leaves me rather cold but there are some fine-looking amber beads (£26.95), a cherub basket planter (£39.50) and fountain (£149.50) for the garden, and some good-looking bronze candlesticks. Probably most useful of all for the big selection of Victorian-style cards, crackers, advent calendars and other Christmas decorations. All very nostalgic.

The Shaker Shop, 25 Harcourt Street, London W1H 1DT. Free. Tel: 071-724-7672.

Fans of the Shaker style can order either from a simple poster which features a selection of authentic Shaker goodies or from the rather more comprehensive Simple Gifts Catalogue. Both feature typical Shaker ware – wooden boxes (this year there are hand-painted versions featuring scenes from Shaker villages), beeswax candles, tinware, cotton throws, baskets and some wonderfully wholesome food, soaps and smellies.

The Dolls House Emporium, Park Hall, Denby, Derbyshire DE5 8 NB. Free. Tel: 0332-883-222.

Everything the besotted doll-lover could possibly hanker for from the dolls houses themselves (Queen Anne, rose cottage, traditional, country Store – take your choice) to all the tiny minutiae that go to make up the properly furnished house. These are presents that run and run – one year the house, the ensuing years all the bits and pieces from toys for the baby in the doll's house nursery to soap and guest-towels in the bathroom.

Daks Simpson, 203 Piccadilly, London W1A 2 AS. Free. Freephone: 0800-282188.

The full-colour leaflet is filled with classic menswear – from sporting sweaters (a range of golf motifs embellish a range of them) in lambswool or cashmere to pyjamas, cufflinks, belts, braces and other stalwarts of many a Christmas package.

Present of the year for those who have not yet got a pair seems to be embroidered velvet slippers – Simpson does a pair embellished with a crest for £70. For Her there are classic things like leather handbags, wallets, silk scarves, sweaters and costume jewellery.

Saville-Edells, 25 Walton Street, London SW3 2HU. Free. Tel: 071-584-4398.

If Saville-Edells has a role to play it has to be to give solace to distraught present-buyers at this time of year. Here are the kind of charming inessentials that change hands at Christmas-time – the little perfume bottles, silver or gold collar stiffeners, cushions with "amusing" messages, cuff-links and knick-knacks. The catalogue is oddly strong on photograph frames and china boxes.

V & A Enterprises, Harrington Dock, Liverpool X, L70 1AX. Free. Tel: 051-708-7383.

The Victoria & Albert Museum's very own commercial venture offers a better choice than ever this year – filled to the brim with really delightful things at prices ranging from £4.99 for a 750 piece jig-saw puzzle of Elizabeth I to a (very nice) triple string of faux-pearls with a simulated sapphire and cubic zirconium clasp for £75. In between there are is a beautiful bright blue Mexican glass jug for £24.95, the yellow pitcher, sketched above, for £22.50, a reconstituted stone and fibre planter for £37.50 as well as heavenly teddy bears for children, Christmas decorations, sampler and tapestry kits and lots more. Short on presents for men but otherwise splendid.

Science Museum Brainwaves Catalogue, Harrington Dock, Liverpool X, L70 1 AX. Free. Tel: 051-708-7383.

Filled with especially interesting ideas for the bright, enquiring child. The potato clock kit (sketched above) is just one of the many fascinating toys-cum-projects on offer. Galileo's thermometer is expensive at £79.97 for the smaller size (13 ins – the taller is 17½ ins for £129.95) but beautiful, while things like the Mr Bootsman Kit (a battery robot kit at £37.50) and the electronics in action kit (£24.95) all look as if they would give hours of instructional fun. More surprisingly there are also such unscientific things as a Chinese wok, a teapot and a pack of six silver candles. (£9.95).

The Natural History Museum Collection, Harrington Dock, Liverpool X L70 1AX. Free. Tel: 051-708-7383.

Some overlap, as you might expect, with the Science Museum catalogue but with rather more animal-inspired ideas, some fun, some gruesome, some charming.

The green lensman (£99) or the pocket microscope (£12.95, sketched above) would please the keen naturalist, while the Stellarscope (£19.95) is for the budding astrologist and a professional compass (£19.95) for the explorer. Lots of T-shirts, scarves, toys of a suitably conservationist nature as well as weathervanes, water-divining tools and a bicycle hooter shaped like a shark (yes, really).

Halcyon Days, 14 Brook Street, London W1Y 1AA. Free. Tel: 071-629-8811.

There are those for whom Christmas is not Christmas without one of Halcyon Days' hand-painted little Bilston enamel boxes. This year's Christmas Box is based on a Victorian village shop at Christmas time and sells for £59.

Richly different are the clock and enamelled box based on the Florentine art of *pietre dure*. Halcyon Days also always has a selection of exquisitely recherché little antiques, like a rare George 111 blue glass *étui*, featured, too.

Presents of Mind, Berwick Barns, Terling Hall Lane, Hatfield Peverel, Essex CM3 2EY. Free. Tel: 0245-381-220.

Some splendid crackers – not cheap, but very glam – and a few tiny presents, ideal for what the catalogue calls "table gifts" or presumably stocking fillers. Primarily, however, this is the catalogue for those wanting to send some good old-fashioned vittles – bottles of sherry or wines, champagne, smoked salmon, Stilton, Christmas pudding, chocolates, fine olive oils and the like.

Letterbox, PO Box 114, Truro, Cornwall TR1 1FZ. Free. Tel: 0872-580885.

Nice, bright ideas for kids – from Edward bear with a scarf knitted to order (£49.99) to a soft clown rattle (£4.99). All the old favourites are there – wooden puzzles, mosaic bricks solitaire and chess, magic sets and kites, cut-out dolls and soft toys. A whole page of toys that can be personalised – including moneyboxes, mugs, and pictures.

Scotts of Stow, Admail 222, The Square, Stow-on-the-Wold, Gloucs GL54 1AF. Tel: 0793-706111.

Is there a cook in the family? Scotts of Stow should be able to help. From gadgets like Le Saucier (£49.95 and those who love trouble-free Bearnaise say it is a marvel) to Carsten Jorgensen's stainless steel kettle for Bodum, (£39.95, one of which now resides in New York's Museum of Modern Art) or a proper copper preserving pan (£18.95) there is lots the ardent cook might like.

!Tridias! 124 Walcot St, Bath BA1 5BG. Tel: 0225-469455.

Still one of the best for those wanting ideas for the children in their lives – a lovely catalogue for the old classics, the boats to sail on the pond, the kites to fly, the wind-up toys, the dolls' houses and the building bricks. Always a good selection of inexpensive stocking fillers as well.

Teddy Bears, 99 High Street, Witney, Oxfordshire OX86 LY. Catalogue £1. Tel: 0993-702616.

More for adult collectors than for children, Ian Pout is a teddy bear expert and in his little shop in Witney has gathered a vast collection of the finest teddy bears, old and new. Of special interest perhaps is the Alfonzo replica bear, copied as closely as possible from the original red Steiff teddy bear given to Princess Zenia Georgievna in 1908 by her father, George Michailovich, the Grand Duke of Russia. Steiff has made 5,000 Alfonzo teddy bears – Ian Pout *has* fewer than 2,000 left and they sell at £125 a time. But other bears of less distinguished lineage are just as adorable and a lot cheaper – prices start at £28 for tiny bears but for between £50 and £70 there is a lot of choice.

Party people

FOR ALL those committed to creating jollity for their nearest and dearest – a giant new party *super-store has* come to their aid. Jeremy Seigal, MD of Barnum's, a small, cramped, treasure-house of a party-shop in London's Hammersmith, well-known to generations of children's party givers, has opened Barnum's Party Superstore at Staples Corner Retail Park, Edgware Road, London NW2.

Here the would-be party-giver can find everything she could possibly want, from advice on how to plan the party, where to find a magi*cian, a singer* or *a specialist* cake-maker, to all the many things that go to make up special parties.

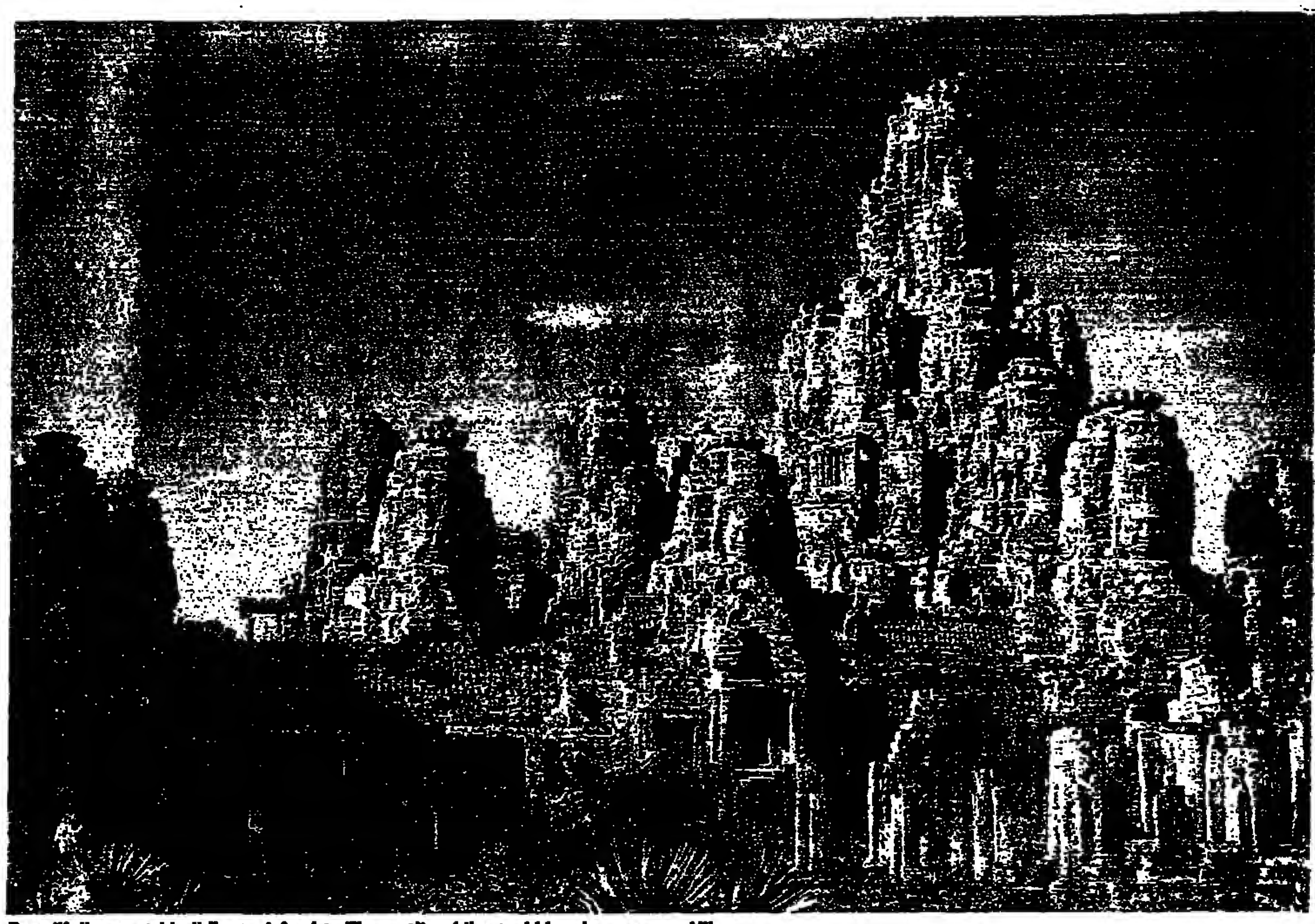
Just to give you some idea of the scale of the place – there are something like 100 different foil balloons alone to choose from, there is a vast range of paper tableware (jungle themes, dinosaur themes, motor-racing themes), there are cake moulds and fancy-dress clothes (to buy or to hire), there are invitation cards and Christmas decorations, crackers and stage-props, and even stain-removers for taking the red wine out of the white carpet.

Because of its size it is, for the moment, aiming at what you might call the middle market – that is, if you want theme parties for the children or jokey adult parties you will probably find everything you want. If your style is more *raffiné* and you want the kind of invitations, decorations, cake-makers that will make you a by-word for chic then you probably need to look elsewhere. But even the chicest, most demanding party-giver is likely to find something, somewhere there that is exactly what they need.

The store is open seven days a week, from 10 am to 8 pm from Monday to Friday, from 9 am to 6 pm on Saturdays and from 10 am to 5 pm on Sundays.

L v d P

The remnants of civilisation



Beautifully carved buildings at Angkor Thom, city of the god-king Jayavarman VII

Cambodia is struggling amid its ancient and modern ruins, says ***Angus Foster***

FROM THE AIR it looks like a giant, unkempt golf course. Cambodia, victim of more than 20 years of war, lies pockmarked by tens of thousands of bomb craters that nestle like sand bunkers around overgrown fairways.

Some are still the yellow of the underlying soil and catch the sun. Some have been flooded brown or black. They form neat patterns across the landscape, cutting through jungle and rice paddy, sparing nothing in their path, leaving farmers and their families with ruined fields and failing harvests.

The flight north from Phnom Penh takes about an hour. It is uneventful, as long as you do not mind ducking between storm clouds in a Russian-built Antonov 24, or the flapping fuel cover on the starboard propeller, or the dry ice machine that doubles as an air-conditioner, or the fact that there is never any proof you have a pilot.

Siem Reap, where the aircraft shudders to a halt, knew a more glorious past. Early this century European colonials, cursing the heat, spent two days on a steamer from Phnom Penh to reach this far-flung corner of what was then French Indochina. They stayed in the Grand Hotel d'Angkor, with its balconies and bidets, and woke to watch the sun rising above the jungle.

They came, as I did, to marvel at the glory of the Cambodian past, the temples and ancient cities scattered through the encroaching forest. Angkor Wat, symbol of that glory, is probably the largest religious building ever built.

Siem Reap is now little more than a sleepy frontier town. Before the present ceasefire and peace process got underway, Siem Reap's airport and location gave it strategic value as the northern staging post for troops from the Phnom Penh-based State of Cambodia government, backed by Vietnam. Each evening, at around 5pm, three open-topped Chinese trucks started up in the main square and ferried 30 or 40 heavily-armed local militia out into the jungle to watch in case the detested Khmer Rouge ventured towards the town.

The hotel is still standing, although most of the tourists are long gone. Hotel staff try and keep up appearances, preferring to speak French and serving dinner off French porcelain at 7pm sharp

The daily quota of electricity is soon exhausted, and at 9.30pm lights flicker and die and the heavy overhead ceiling fan slows to a halt. Within minutes jungle heat has invaded the room. I ditch the mosquito net, preferring the hint of a breeze to safety from the bedroom's unseen predators. Siem Reap is no place for insomniacs. If you are not asleep before the fan stops, you lie there sweating and waiting for the curfew to be lifted next morning.

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The outside world first started to realise what had happened in Cambodia after Vietnam invaded and overthrew the Khmer Rouge in 1979. During their 3½ years in power, the Khmer Rouge implemented policies which probably killed more than 1m people, through malnutrition, disease and torture.

"I lost all my family," is now a common, almost throw-away line. Sometimes it is used to win sympathy, as with a guide asking for money at the Killing Fields of Cheong Ek. But sometimes it is a statement of fact, perhaps to remind the speaker of his own miraculous survival. Whatever the motive, it is an impossible conversation to sustain and I am left staring at the ground, shaking my head.

But there is now hope. Following last month's peace accord, the warring factions are staging an uneasy truce, while the Khmer Rouge still lurks in the shadows. If the peace holds, the UN will launch its largest operation ever to try and haul Cambodia's ravaged people and economy back into the present day. Phnom Penh has returned to a state of outward normality. It is now more than 10 years since people were allowed back into the capital that Pol Pot and the Khmer Rouge ordered to be emptied. New restaurants have opened and gold and jewellery traders have returned to the markets; towards dusk, young couples gather excitedly outside the cinema on Achar Mean boulevard.

Construction has even started on the site of the former national bank, blown up in a fit of revolutionary fervour by the Khmer Rouge in 1975. The international bar at the Hotel Samakhi, renamed the Royal, has been turned into a disco and is packed each night by the children of the new rich – senior government and military leaders. The girls preen on the steps before posing for group photos. They wear quality western dresses and matching shoes, always a sign of affluence. Hotel staff patrol the gardens, torches at the ready to deter any overly eager couples.

Each Sunday, Phnom Penh's wealthy pile into their imported Japanese and German cars and head east along Route 1 towards Koki. The road is the lifeline for supplies and orders from Vietnam, so has been kept safe to travel. It arcs along the Mekong river for a while before cutting across paddy fields and lakes full of water lilies. At Koki, a blissfully beautiful stretch of river backed by high hardwood trees, families settle down for an afternoon of picnics, gambling and gossip. It is easy to forget that the country has been devastated by war.

But the deception is transparent. A day's car parking at Koki costs the new rich more than a month's income for most Cambodians. The corruption which plagues the Phnom Penh regime is helping to fuel speculation on necessities like rice, the price of which has tripled in the last 18 months.

To the west of Phnom Penh, out among farming villages where the only links with the outside world are the narrow paths which zigzag through paddy and palm trees, the rebuilding of a tattered society continues. Four novice monks are restoring a brick wall around the village temple, their saffron robes darkened by trails of sweat. The government, with the help of overseas donations, is trying to restore Buddhism, which was almost totally destroyed by the Khmer Rouge. The four novices quickly tire of their work and resort to trying to cover each other with as much red earth as possible, whooping with laughter each time they score a direct hit.

In the next village, my guide takes me to see some friends. The wooden house has two rooms and is raised 6 ft from the ground in case of floods. The family, an elderly mother with her two sons, their wives and children, are relaxing underneath the house, enjoying the shade. The women wear sarongs and bright cotton krama (head dresses). Talk quickly turns to the prospects of a lasting peace, my guide translating each comment and occasionally asking my opinion. I wonder how many times families across Cambodia have had this conversation, and how many times their hopes have been dashed.

If the peace settlement works, I ask, who will you all vote for at the elections, scheduled for 1993? "Sihanouk!" they reply, referring to Cambodia's former king and expected future president. "He is our leader," my guide translates.

While the war trundled onwards, even claiming victims during ceasefires as villagers step on land-mines littering the countryside, the envoys of the West mapped out their own offensives. The aid agencies compete for influence and engage in one-upmanship with status symbols such as Land Cruisers. The churches compete for access to villagers they believe are ripe for salvation and divorced from their Buddhist roots.

In one such village of Vietnamese refugees, now "controlled" by an American religious organisation, Father Hank turns up each Sunday at 8.30am to deliver communion. His Land Cruiser screeches to a halt in front of the wooden village church and the father emerges from a cloud of dust in immaculate white robes. The villagers are silent.

After a quick communion, he is read a list of that week's donations. Then he is back in the Land Cruiser, windows wound up tightly as he heads through "enemy territory" towards his next "strategic hamlet."

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In 1860 a French naturalist, Henri Mouhot, was wandering through the dense undergrowth of the northern Cambodian jungle. At some stage he must have looked up from his work and seen five brick towers high above the forest canopy. Totally by mistake, he had rediscovered one of Asia's most astonishing sites, the ruins of Angkor Wat and the Khmer's ancient civilisation.

It is still possible to guess how he felt. The single track road from Siem Reap is crowded out by undergrowth until the last moment when suddenly the forest clears and the great temple appears, its sandstone walls stretching so far you have to squint to catch their contour.

From the main gate the temple appears as a giant mass of stone, its detail too far away to be distinct. It is surrounded by a moat which is 3½ miles in circumference and 200 yards wide. Half-way across the moat you are already sweating heavily as the sun reflects off the yellow, white and grey stone ahead. Soon, walking faster to flee the heat, the central structure comes into focus and one's awe at the size of Angkor Wat is replaced by wonderment at its proportion and detail.

Angkor Wat is only one of many temples the Khmer rulers built in the area between the 9th and 13th centuries. Their empire stretched to include modern-day Cambodia, Vietnam and Laos as well as parts of Burma, Thailand and China. It adopted, then adapted, religious and artistic traditions from India and flourished because the Khmer rulers were able to set themselves up as god-kings overseeing a highly formal and structured society which overpowered weaker neighbours.

But it was under the rule of Jayavarman VII, probably the greatest of the god-kings, that 300 years of steady yet conservative architectural progress turned into mayhem as the Khmers went into creative overdrive. At the centre of his city of Angkor Thom he built the Bayou, a temple so drenched in carvings of battles, religious figures and daily life that it is more like a sculpture than a building. Its 50 towers each hold aloft four giant stone faces which gaze into the jungle.

Back in Siem Reap, the local militia prepares for the evening patrol. Some appear to be no more than teenagers and play with their rifles distractedly. A group of regular troops rests beside one of the trucks, their superior firepower and army uniforms giving an uneasy confidence to their manner. As the first thunder of the nightly storm rolls in, the truck engines start and the groups mount up. The soldiers and the teenagers, the fathers and sons, head off for another night of flinching at shadows and dreading the click of a landmine.

TRAVEL & MOTORING

Pick a piste to please them all

*Where can a mixed group find a skiing resort to suit all abilities? **Andrew Anderson** investigates*

ANNA and Libby want to ski black runs. Debbie and Lindsay love runs as blue as a ski instructor's eyes. David and Nick need to stop for chips and lager every 30 minutes. Scott and Louise refuse anything less than lobster and Lafite. Maryse wants a holiday where people take off their clothes and dance on tables. Sharon prefers to keep her clothes *on*, thankyou very much. This is your mission, group leader: find a resort to suit them all.

Skiing is more fun when in done in company. There are more than 300 resorts in Europe, and more further afield, all itching for the custom of a dozen-plus free-spending skiers. Putting the two elements together should, in theory, be as easy as a straight schuss on a nursery slope.

But there are resorts and resorts. There is little point taking beginners to the hairy-chested slopes of St Anton. Genteel groups in search of sophisticated nightlife would baulk at the shenanigans in Sauze d'Oulx. Black run speed freaks would die of boredom after a day in Andorra.

The trick is to compromise. Having arranged holidays for 20-plus skiers for the past four seasons, my compromising ability is exhausted. I turned to the experts for guidance. Where, I asked, would you send the following:

■ A "typical" group of 10 to 15 people between 25 and 35, with no children, ranging in ability from beginners to experts.

■ A group of eight to 12 family types, with young children, wanting a relatively relaxed holiday.

■ A group of 12 50-plus-year-olds, no children, looking for gentle skiing, good scenery, excellent food and wine and sophisticated nightlife.

■ Somewhere different for the much-travelled group which has "been there and skied that".

Rory Byrne runs Powder Byrne (071-223-0601), a small specialist operator which leans towards the expert skier; however, his general advice on the first category should prove useful for all groups.

"The first rule for big groups is to fully book a 'jumbo' chalet – one that includes all meals and often wine as well. Hotels, especially smaller ones, can be a bit discerning, but you should get no complaints about noise in a chalet.

"Groups tend to be able to make their own fun, so resort nightlife may not be a top priority. It makes more sense to get everyone together and mixing. If you can't get one big chalet go for two smaller ones close together, but watch out for the them-and-us mentality – groups often form their own natural splits which can be both good and bad. You will need at least three bathrooms.

"Remember there is strength in numbers – many operators give good discounts or free places to large groups. Book early, get as good a deal as possible on the discounts offered and try and take the whole chalet – empty beds can cost money.

"As for resorts for the first category, Courchevel is a good bet: great skiing and a trendy resort. Val d'Isère is another good one, although perhaps better for the experts, as the slopes are more biased towards them. Courmayeur is another recommended resort for mixed abilities. Price is bound to come into it: if the group can afford it then St Anton in Austria is a must – expensive but it's a great resort.

Family groups should avoid long transfers — four hours on a coach can be the last straw for children

"Family types should pick resorts with the best *access* to skiing. You don't want to walk miles to the slopes with kids in tow. Ideally there should be a a traffic-free village centre where kids can toboggan. Good nursery slopes and training slopes are also important.

"Again, a chalet is best, although family-style hotels are also coming into fashion in Europe: these have family accommodation with two rooms; one for adults and a kids' room with bunk beds. Quite a few companies offer creche care.

"Arosa in Switzerland is nice, or you could try Wengen, which is car-free. Powder Byrne always puts families in Flims, as it is one of the few places where the nursery slopes are actually in the village. We also supplies a ski bus to the slopes.

"I would think that the older group could afford the classics: Zermatt, Lech, Klosters, Cortina, or St Moritz. They could also try some stylish hotels – in Zermatt there's the five star Zermatterhof, or the three star Abendruh. In Klosters the Kaiser or the Silvretta Park are good.

"The been-everywhere group is more difficult. I'd suggest the Caucasus in the Soviet Union, or ski touring from Chamonix to Zermatt. Then there's the US, or Whistler Mountain in Canada, and Japan is gearing up for the 1998 Winter Olympics at Nagano."

The Ski Connection (071-351-2993) is a small, relatively new company recently formed by ski fanatics. Co-owner Sarina Beecham suggests the following points:

"Wherever you go, watch out for local national holidays when the pistes are packed, and consider going in January or April when prices are lower. Choose a large ski area with several points of access to the main slopes; this will minimise lift bottlenecks. Catered chalets rather than hotels are best, especially those close to the slopes.

"For the first group, Verbier and Val d'Isère are obvious choices, although they can be very British. Beware of long airport transfers which cut into your time: some of the Portes du Soleil resorts such as Morzine, which is 90 minutes from the airport, can offer seven days of skiing for your money.

"Family groups in particular should avoid long transfers – four hours on a coach can be the last straw for some children. Chalets are ideal as meal times are more flexible and parents can use the kitchen facilities for their kids. Zermatt and Wengen are good resorts, but we would recommend Avoriaz, which is traffic free, two hours from the airport and has an excellent Village des Enfants.

"For the older group, Gstaad springs to mind. It is in one of Switzerland's most beautiful valleys – the White Highlands – and has picturesque chalets and luxurious hotels. It also offers great entertainment, from tea-rooms and bars to exclusive restaurants. Quite a few companies have 'premier' chalets here, which offer top-class cooking, excellent decor and sometimes a vehicle for guests' outings.

"The been-there-done-that group is tricky. Can they really ski well? If so, Argentière in the Chamonix Valley would be heaven, with its extreme off-piste areas such as the Valleé Blanche. Further afield, I would suggest Taos in New Mexico, a tiny Swiss-style hamlet nestled in the Sangre de Cristo mountains. The road there passes through barren desert and drifting tumbleweed before climbing into snowy mountains. It that isn't enough, look to South America – Chile or even Argentina."

Finally, if you are really stuck, Ski Solutions (081-944-1155) is a good first port of call for baffled group leaders: a one-stop advice shop which will book you into any resort handled by a UK company for no extra charge. The company is particularly good on advice for families, as is Made to Measure (0243-533333) which lists nursery facilities in France, Switzerland and Austria.

The Good Skiing Guide (Consumers' Association/Hodder & Stoughton, 606 pages, £12.95) is an invaluable reference book.

Travel News/**David Churchill**

Christmas with a bang

FLYING supersonic to Lapland to meet Santa Claus, skating on a frozen lake or crossing the Arctic circle are among the more exotic ways of spending Christmas. Even in a recession, such luxury breaks are still on offer and will almost certainly be sold out again this year. But, as with travel bookings generally, customers are adopting a wait-and-see approach this Christmas.

The Christmas day lunch in Lapland is organised by Goodwood Travel which specialises in chartering Concorde for those who want the thrill of flying supersonic without spending the time or money involved in going to New York.

The Lapland Concorde flight leaves London at 8am on Christmas Day and reaches Lapland in time to catch the few hours of Lap sunshine. The cost is £1,495. Goodwood is organising similar flights on the two Sundays before Christmas. For details telephone: 0227-763336.

Those who prefer to travel on a regular Concorde flight to New York (£5,030 return) are still able to book on the December 23 BA flight 001. Spending Christmas at the newly-refurbished Mark Hotel in Manhattan, part of the Rafael hotel group, will cost about $265 (£154) per room per night. The Grand Hyatt next door to New York's Grand Central Station has a special Christmas package at $129 per room and is staging *The Nutcracker* ballet within the hotel.

Christmas is usually the airlines' busiest time and this year is unlikely to be an exception, even with the down-turn caused by the recession and Gulf war. BA is putting on extra flights to key destinations, especially Miami, as flights to the the Caribbean are already full up. Miami is useful as a hub serving both the Caribbean and Florida, and there is still room on these flights.

There is also room over Christmas in most European cities, though Zurich and Vienna are heavily booked.

Within Britain, the advice from all the airlines is to book within the next week or so for the remaining seats on domestic services. Demand is reported to be high, the rush will start on December 20, the Friday before Christmas; extra flights are being laid on.

BA and British Midland are the most popular domestic carriers, and tend to get booked first; smaller airlines such as Air UK, which operates out of Stansted airport, Essex, are worth trying if the main shuttle services from Heathrow are booked up. Air UK says it has seats on most Christmas routes at present.

Christmas in Hong Kong is an exotic alternative to spending it in Britain. Cathay Pacific says that almost all economy seats have been sold pre-Christmas, though it still has business class seats at £1,906. Staying at the Mandarin Oriental would cost you £188 per room per night as a special Christmas offer.

Cruising? Unfortunately, P&O's Princess Cruises programme, operating to the Caribbean from Miami, is sold out. But P&O's other cruise ships, Canberra and Sea Princess, which operate from Southampton, have space left. Canberra has a 16-night cruise starting at £1,119 to the Atlantic islands and north-west Africa, while the Sea Princess sails for Madeira and then the Caribbean on December 16 for a 23-night cruise at £2,735. For details telephone: 071-831-1331.

Booking a package holiday over Christmas is likely to become increasingly difficult over the next few weeks. Thomas Cook says its bookings are 50 per cent up on last year and that it expects to sell 250,000 Christmas packages compared with 160,000 last year. Tenerife is pretty well sold out, as are the rest of the Canaries. Cyprus has more rooms available, mainly because of its cooler temperature. For example, a 14-night half-board Cyprus holiday with Enterprise Holidays is available from December 18 at £432 per person.

Motoring

Can the company car survive?

Stuart Marshall thinks that the 'status vehicle' has had its day

BRITAIN'S motor traders would like to think that once the recession is over, everything will return to normal. The market would top 2m sales. Retail buyers would no longer have to be tempted into showrooms by ruinous discounts. Companies would renew fleets every three years instead of four. And senior executives would swap their F and G-registration multi-cylinder, high performance cars for new models.

But will it? My gut feeling is that a return to prosperity will not necessarily bring back those free-wheeling days when, for several years running, sales soared to peak at 2.3m in 1989.

At that time a company car, whether justified for business reasons or not, was part of every employment package for junior managers upwards – and often downwards.

Determining how many company cars there are is notoriously difficult, but the best guess is that if you are talking about cars with a list price of £12,000-plus, at least 50 per cent will have been bought for business use. That means much of their running cost will be offset against tax. The higher the price of the car, the fewer are sold to retail customers paying with their own money.

Despite the Chancellor's harder line on company cars in the Budgets of the last two years, they are still a wonderful benefit in kind. Employees who have driven nothing but company cars for the last ten years are unaware of the financial horrors of depreciation. In three years, this can cut the value of a new £15,000 car to as little as £5,000. Add a modest £3,500 for loss of interest on capital invested, plus £1,500 for tax and insurance, and that kind of car would cost a private motorist almost £100 a week before it turned a wheel.

Historically, the company car – and especially the "perk" car – became popular when high income tax rates made a straight salary increase unattractive to the better paid. With the top tax rate of tax now 40 per cent, that argument now holds much less water.

Cars for high mileage sales reps really are essential because a rep could not operate without one, so that end of the company car market looks safe. However, they may get a new car less frequently. They may also, like it or lump it, have to accept a diesel as employers realise the savings they can make on running costs.

It is the "perk" car – the multi-cylinder luxury saloon or estate car that the finance director has just because he is the finance director – that looks most vulnerable.

Already, senior executives are finding the main practical difference between a 2-litre saloon and its 3-litre up-market version is that the tax liability is substantially less. This has already been reflected in new car sales. The trend toward smaller (that is, under 2-litres capacity) engines will continue. For example, the 2-litre 3-Series will account for about half of BMW's total sales in the UK; and one in five of all BMWs registered will be the least expensive 1.6 litre 316i.

The knife was turned in the "perk" car's wound at what may prove to have been a watershed meeting between motor industry interests, the Treasury, Inland Revenue and Customs and Excise officials at the Treasury in London last week.

One of main points made by the Association of Car Fleet Operators at the meeting was that the current company car benefit system needed revising. Distinguishing better between "job-need" and "perk" cars would, it said, distribute the tax burden more fairly.

If that happened, it would be bad news for the upper reaches of the motor trade selling £25,000-plus cars. In my experience, quite a few of these cars merely take their company "users" to the station in the morning and pick them up again at night. For the rest of the day they may sit in the car park or go no further than school, shops and tennis club.

The ACFO believes that the payment of National Insurance contributions on the value of private use of company cars should cease. If not, it should apply to all other benefits – company-paid private health insurance and low interest rate loans included. It says tax changes should favour cheaper to run, more environmentally friendly cars, including diesels.

This theme is taken up by Cowie Interleasing, the UK's largest vehicle leasing operator. According to a Cowie survey, 88 per cent of company car drivers pay only lip service to environmental factors. They say they believe they are important but few put them into practice.

For example, only one in three was prepared to change to a diesel car if given the option – the majority thought diesels would be noisy, dirty, smelly and sluggish. This, said Cowie, was in spite of the fact that they had better fuel economy and put 25 per cent less carbon dioxide into the atmosphere. (It also means few of them can actually have driven a modern diesel car).

If I am right, a desire by both government and companies to demonstrate environmental concern will become a major factor for the car business. At the moment, fuel economy is (according to the Cowie survey) rated as unimportant by 40 per cent of company car users generally and "irrelevant" by 57 per cent of those driving over 2-litre cars. "The bigger the car, the less likely the driver is to be concerned with the environment . . . and the more likely to worry about the effectiveness of the car as a status symbol."

PROPERTY

Does it pay to boast about the ghost?

Selling houses in the recession is difficult. Selling a haunted house is a task only for the brave in spirit, reports ***David Hoppit***

FOR THE past 50 years no-one has dared to sleep in one of the bedrooms at Little Dean Hall – no one still in possession of a body, that is.

For in addition to being one of the UK's oldest houses the property also enjoys the distinction – if "enjoys" is the correct word – of being the most haunted house in Gloucestershire's Forest of Dean, and possibly in the whole country.

Little Dean Hall is a house with spirit, or rather numerous spirits. It presents estate agent Hamptons with a dilemma: when it comes to selling, does one boast about the ghost?

It really depends on the type and age of the ghost. A Tudor ghost, with clanking chains and a head tucked under its arm, could be an aid to selling – part of the fixtures and fittings, so to speak. But a mischievous poltergeist, or a ghost with only a few decades of haunting experience, could frustrate a sale, and over the years many agents have told me of sales lost through supposed hauntings.

When it comes to ghosts we fall into two categories: those who see them and those who do not. I belong in the latter. It is not that I do not believe in them; indeed, I believe in ghosts, UFOs, even pay rises, but they always manifest themselves just before I arrive. In fact, we once lived in a cottage in Essex which had two ghosts and I was the only one who failed to see, hear or feel anything.

One advantage a house with a grisly past does have is that it catches the attention. Unfortunately, as in the case of the London home of mass-murderer Dennis Nilsen, most of those who view it are no more than nosey parkers. A house in the New Forest that was the scene of a series of murders a few years ago did eventually sell, but the new owners sought and received permission to demolish and rebuild it, so overpowering was the feeling of evil there.

Not all ghosts are evil. Donald Macer-Wright spoke with disarming honesty about the spirits with whom he has shared Little Dean Hall for much of his life. There is not much point in being coy about them. In the past nine years some 100,000 visitors have toured the old house.

"The majority says there is no unpleasant atmosphere here but a significant number has given graphic accounts of strange sightings and experiences," he admitted.

There is the little black boy with a candle who appears on the landing, and the lady in the haunted oak bedroom. Then there are the two Royalist officers (Colonel Congreve and Captain Wigmore) killed by 20 Roundheads in 1644 during the Civil War, and two brothers of the Pyrke family, in love with the same woman, who shot each other with duelling pistols at the dining table.

"I have been woken by the sound of clashing swords and I have seen a strange so-called blood stain appear on the floor," said Macer-Wright.

"The most alarming experience was watching a man walk across the floor of my bedroom. I was not afraid because he clearly had no idea that I was there – I had gone back to his time. The room was in its original shape, not as it is now, and his feet could be heard on the floorboards, whereas the floor is now thickly carpeted."

Little Dean Hall, and its many permanent residents, is listed Grade II*. It has parts that are Saxon and stands with its feet in Roman remains. A price of £500,000 is suggested by Hamptons for the house and its gardens. There is consent for conversion into a hotel – what price the oak bedroom for a spirited weekend?

If a one-ghost home is preferred Hamptons suggests Tanyards Farm, at Charlwood on the Surrey/Sussex borders, which dates from 1550. The owners have heard a woman singing in the old living room; she is apparently quite happy and harmless.

The house, said to have been one of the first Quaker meeting houses, is being sold together with its mysterious vocalist for about £300,000. Part of it was used as a set for the US television soap *Dynasty* – enough to scare off any self-respecting spirit, one would have thought.

One spirit who was scared off was the ghost of Henry Milbourne, said to have inhabited Llanrothal Court, near Monmouth, in Gwent. He was banished by the Vicar of Raglan in an exorcism ceremony. The poor man was apparently drowned in 1692 after his horses bolted into the River Monnow; his ghost is said to have haunted the hall for several years until the vicar performed the exorcism. Now free of its sitting tenant the Grade II house, dating from the 13th Century, is being sold through Strutt and Parker for about £450,000.

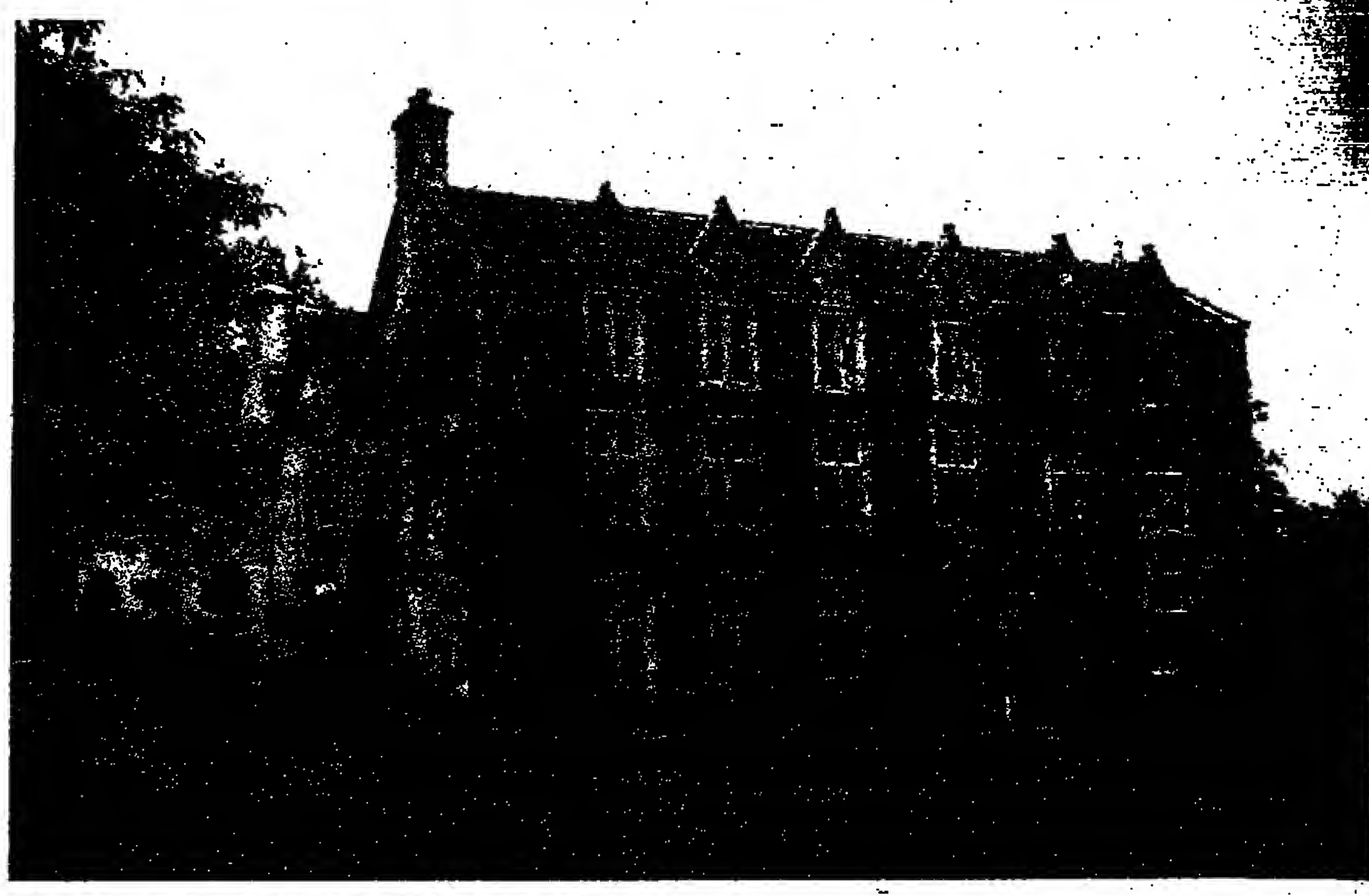
A feeling of warmth and well-being and the scent of lavender is said to accompany the appearance of an elderly lady at The Old Rectory at Snetterton, in Norfolk. She appears when people, especially children, are distressed or in pain. A suggestion of exorcism a few years ago met with howls of indignation, so the presence remains as part of the fixtures in the ancient five-bedroom house. Jackson-Stops & Staff suggests a price of £260,000.

Ghosts sometimes just fade away, perhaps because they do not approve of new owners. That is apparently what happened in 1974 when the present owners of The Hermitage, at Witham Friary, Frome, in Somerset, moved in. Now they are moving out again and Lane Fox, with Knight Frank and Rutley, seeks a buyer with £525,000.

Among other properties with an interesting past on the market at present is the Manor House at Warboys, near Huntingdon, which was once owned by Sir Oliver Cromwell, uncle to THE Oliver Cromwell. One of the Cromwell family died after supposedly being bewitched by a village lady named Alice Samuel; she had the dubious distinction of being the last woman in the UK to be hanged for witchcraft. The house is available through Carter Jonas for £450,000.

Finally, no ghosts, but you just might find goblins at Castlemains House, at Gifford, East Lothian, Scotland. Savills reports that the 18th century farmhouse is the closest building to the Goblin Ha', a legendary subterranean chamber beneath the neighbouring Yester Castle.

The restored house and its 10 acres can be had for about £325,000. The Ha' was featured in Sir Walter Scott's *Marmion*, but there is not much to be seen of it now, and from what I hear, they are clean out of goblins up there.



Little Dean Hall: a contender for the UK's most haunted house

New homes still earn their premium

THE SUCCESS of the quality control work of the National House-Building Council is shown by the fact that it is taken for granted. As an organisation established to improve private-housebuilding standards, its work in pooling construction information and educating builders into upgrading building practice and design has enabled new houses to maintain a price premium over used homes even through the recession.

It no longer has a monopoly on the insurance of new private-sector houses, but more than 4m new homes have received the NHBC's 10-year warranty since it was introduced in 1965 and nine in 10 new homes still get the NHBC warranty today.

The majority of the NHBC's list of 30,000 builder-members could best be described as "resting" this year. Nevertheless, nearly 150,000 new homes are expected to be completed in 1991. Builders have had to lean on price discounts and local marketing efforts to keep sales trickling in, especially given competition from knock-down used house prices. But in the medium and longer term the premium value of new homes over equivalent sized older properties depends upon buyers' preference for trouble-free and cheaper-to-run new homes.

Attitude surveys among existing home-owners carried out for the Woolwich Building Society by Gallup suggested that there is increasing reluctance to "make and mend" rather than move. The survey found that a third of owners would rather move than improve, and a sharply rising proportion of owners conscious of maintenance and improvement costs.

Weekend FT calculations suggest that you can add 2½ per cent of the cost of your house each year to its normal running costs for such repairs and maintenance works – whether you carry out the works or not. Those who do the work spend the cash; those who leave it find that it comes off the resale value.

New homes draw viewers on design grounds, with rooms that are a better size and better laid out and equipped for 1990s buyers. Security features help, since these are what most owners of older homes talk about but never get fitted – until after they have been burgled.

"Kerb appeal," the external look of a new home, is so subjective that few are able to talk about it rationally. In practice, home exteriors are subject to a Darwinian process in which only the fittest – that is to say the most saleable – survive.

The latest sales pitch relates to the environmental friendliness of new homes. Better insulation, and designs aimed at eliminating rather than adding to the draughts, mean that the annual fuel bill for an average new home is about a third less than an equivalent sized old one.

In a drive to make buyers more aware of the energy costs factor the NHBC has adopted the National Energy Foundation's "zero to 10" Energy Rating Scale for houses.

Zero is a rating reserved for the most spectacularly energy-inefficient homes. Most houses in the UK would justify a 4.4 rating and new homes average around seven, although specifically energy-efficient homes have won higher ratings. John Mowlem Homes recently scored an "eight" rating on traditional masonry-built new homes in Milton Keynes where "only relatively minor and low-cost improvements" were needed at the design stage

The difference between an average "four" and a new home "seven" is not only £300 or so each year of saved energy costs. It also the difference between an average six tonnes and rather less than four tonnes of Co2 emissions from your house each year. Less wasted housing energy means less greenhouse gas.

It will take less time for buyers to insist on seeing a proper energy rating for new and old homes than it takes the home sales industry to recognise the fact. Those estate agencies with the wit to start introducing prospective vendors to energy auditing soon may have some answer to the housebuilders on this front once the sales market recovers. Those who do not, and who do not know how their clients can improve the energy standards of their homes, will have to rely for custom on a dwindling number of people who are disinterested in their home fuel bills.

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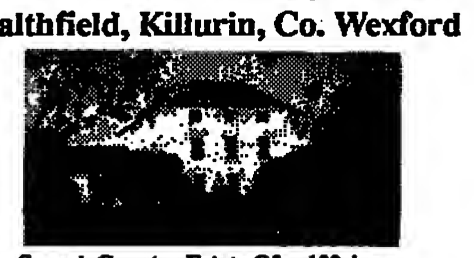

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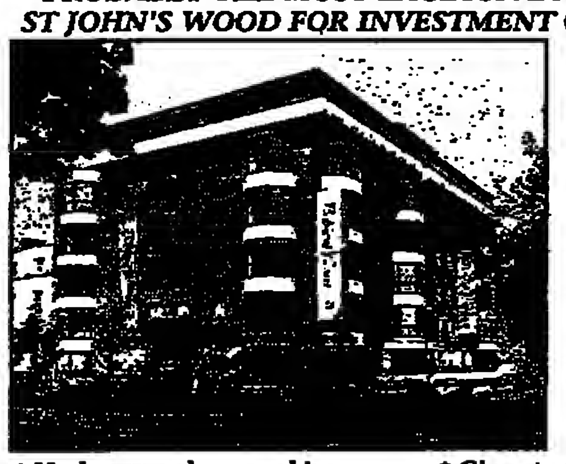

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BOOKS

All the way with LBJ

Was this president rotten to the core or not? asks ***Jurek Martin***

LONE STAR RISING: LYNDON JOHNSON AND HIS TIMES
by Robert Dallek
Oxford £25, 721 pages

METHINKS Robert Dallek protests *too* much when he writes that "Lyndon Johnson, the dominant political figure of the sixties, who challenged us to wipe out poverty, end racial segregation and win a morally confusing war in a remote place, has receded from our minds" – at least in comparison with most American presidents from FDR to the present.

Weighing in at 2¾ lbs on the kitchen scale, and even then taking us only up until 1960, Dallek is intent on redressing the balance: but less, perhaps, because of the presumed neglect of LBJ than of the infamy heaped on the former president's grave at double the length and weight by Robert Caro, whose recent *Lyndon Johnson: The Path to Power* and *Means of Ascent* even then stop at 1948.


Texas legend: the young Lyndon Johnson

It is now probable that no recent president has received such exhaustive biographical treatment. And for any serious student of LBJ, it is impossible to read Dallek without reference to Caro, and vice versa, which explains the strain on the wrists.

The essential difference is as follows. Caro, a meticulous researcher and very good historian, believes LBJ was rotten to the core, albeit that he sometimes did good. Dallek, a meticulous researcher and equally good historian, is less persuaded of LBJ's rottenness and is open to the suggestion that sometimes he did good for the right reasons. (The fact that Dallek received grants from the Johnson Foundation, which probably has a contract out on Caro's life, does not diminish the quality of his scholarship.)

Comparative examples of their respective approaches leap from every chapter. Dallek does not dispute Caro's view that vote fraud probably helped LBJ into the Senate in 1948 against Texas governor Coke Stevenson by the insignificant margin of 87 votes, but he feels that if the Johnson camp had not done it the Stevenson one would have.

To Caro, Stevenson was a Texas legend, who stood "tall in the saddle." To Dallek, he was all that, but also politically lazy and a racist intent on undoing all that the New Deal, supported by LBJ, has brought to Texas. To Caro, LBJ's love affair with Alice Glass, the wealthy socialite, was another example of personal infamy and sexual duplicity on a scale comparable to anything contemplated by Casanova at his most imaginative. To Dallek, it reflected the more prosaic fact that Johnson was not monogamous.

Dallek agrees with Caro that LBJ shamelessly exploited, for political ends, his very brief war record in the Pacific. To Caro, it fits a lifelong pattern of aggrandisement and distortion of the truth. Dallek, less moralistic, reports it for what it is worth. In the same vein, Caro destroys the Johnson myth that the creation of the Johnson radio empire was mostly Lady Bird's work. Dallek agrees, carefully listing all the strings LBJ pulled in Washington, but notes, accurately, that everybody was trying to get into the radio business in the early 1940s and that the ethical standards by which licenses were awarded never stood up to scrutiny.

And so it goes on. The temporary advantage of the Dallek book is that it encompasses LBJ's substantial record as Senate majority leader in the 1950s and his eventual selection by Jack Kennedy, whom he considered a boy, as vice presidential running mate in 1960.

In his dissection of this very public part of LBJ's life Dallek gets pretty close to a plausible analysis of the many contradictions in this most complex of politicians. He concludes that, to LBJ, "politics had been a difficult, sometimes dirty business. But, most of all it was a vocation in which a fallible man could rise from the obscurity of the Texas Hill Country to the second office of the land and along the way do extraordinary things." And they became more extraordinary once he made the White House, for which we will have to wait on Caro's next volume – and perhaps Dallek's too. But they had better get their skates on. Already Joe Califano has chipped in with his memoirs of LBJ's presidency, from which, early American reviews suggest, no expletives have been deleted. Not, of course, that LBJ ever cussed.

The galloping guru

Mark Archer *on Sir Laurens' latest volume of autobiography*

ABOUT BLADY: A PATTERN OUT OF TIME
by Laurens van der Post
Chatto & Windus £16, 255 pages

ARE YOU a Jungian? I know it's impolite to ask: everyone's unconscious really ought to remain private, like their bank details. But perhaps it's best to check before buying this book because Sir Laurens van der Post certainly is one (Jung's friend and biographer in fact), as well as being novelist, explorer, diplomat, war veteran and (if we believe *Private Eye*) spiritual confessor to the future King of England (a word of caution: the last such incumbent was the saintly Sir Thomas More, and remember how Henry VIII treated him!).

In this latest volume of autobiography, *About Blady*, Sir Laurens treats his life as a kind of Jungian parable, in which a horse, ancient symbol of healing and the reconciliation of man's discordant elements (have your Jung handy at this point) links together two narratives, one in which the eponymous Blady is discovered, trained and finally ridden to victory by the author's friends as a climax to the Castellona fiesta in north-east Spain, and the other in which our most distinguished living sage explains how his encounters with horses, in his own life and the lives of others, have been the experiences which have given him greatest insight into the harmonious workings of the universe.

Too glib perhaps? The truth is that two Van der Posts have always co-existed down the years (omitting for the moment the *FT*'s very own Lucia, whose *Shopper's Guide to Paris* sits cheekily alongside *The Lost World of the Kalahari* in the British Library catalogue), one the rattlingly good story-teller, the other the spiritual guru. Born in Africa 85 years ago, Sir Laurens rejected his strict Calvinist upbringing, passed up a whites-only education and plunged instead into radical South African journalism.

Three and a half years as a Japanese POW during the war, a spell as Lord Mountbatten's diplomatic envoy, and the years spent exploring the lost tribes of Africa, have supplied him with enough stories to fill several lifetimes, let alone one. But a preacher's son is never lost, he is only working out his salvation in a roundabout way. Sir Laurens's way has been to found a new dispensation, in which psychic forces, the collaboration of intuition and reason and (inspired by Jung) the world's collective inheritance of myths and symbols underlie our common humanity.

In *About Blady* we move from vivid reminiscences of Africa (his childhood mount, Diamond, his mischievous marijuana-smoking black servant, a forbidden friendship with an English boy at a time when the Boer War was still fresh in people's minds) to sombre middle chapters in which Sir Laurens broods upon the death of his son John, and that of two of his friends, including the then editor of *The Times*, Charles Douglas-Home, from cancer. The final chapters lead up to Blady's great race.

During Douglas-Home's service of farewell in *St Paul's Cathedral*, Sir Laurens says, he experienced a vision of a boy with naked feet mounting a horse and riding away bareback against the Madonna-blue sky. Much later, a chance remark from a Jungian psychologist points him towards the Centaur, the horse-man Chiron, the great healer of antiquity. "His pattern is still there for those who look for it," the psychologist says. So where does our author look? To Bob Champion, of course, the National Hunt jockey who fought a battle against cancer and went on to win the Grand National. Which proves? "Look! You may not always see it like this in the here and now, but ultimately all endings are happy endings. The human comedy finally is divine," Sir Laurens writes.

In many such passages in which Sir Laurens expounds his spiritual lore, faith can only be met with faith. They either chime with something in the reader's heart or they dumbfound him. They do little to help the author's cause against those critics who suggest he is peddling merely middle-brow proverbial wisdom. Part of the problem is that the quality of our author's prose is simply not up to the enormity of the life-and-death issues he undertakes to discuss. For these we need the Bible or Shakespeare, not watered-down Jung. The result is that Sir Laurens can move from the pat to the profound and come dangerously close to sounding as though he were unaware of the difference between them. Fate can bring a nice day or the death of a loved one. To someone as confident as Sir Laurens at being able to look into the heart of things, they can come to seem all one, when to the rest of us they are not.

But *About Blady* is an engaging read, and, as they used to say in the Renaissance, *full of wise folly*. No-one should begrudge Sir Laurens his philosophical vantage-point on life. As Edgar says at the end of *King Lear*, "we that are young/ Shall never see so much, nor live so long."

Seduced and betrayed by the Soviet

Andrei Navrozov *on the temptation of Prokofiev*

CAN THE genius of a political artist serve as totalitarian propaganda? The answer, provided the dictator is clever enough, is that nothing short of such genius will do the job, and woe betide the dictator who cuts cultural corners. Compare the Nazis, clinging to *Parsifal*, and the Bolsheviks, under whose patronage the broad flowering of Russian culture continued for a decade.

It was at the end of that decade, in 1927, that an artist of genius, Sergei Prokofiev, returned to Russia from exile for a two-month concert tour. The totalitarian oligarchy had already begun consolidating into a personal dictatorship, yet Stalin is never mentioned in the composer's diary of that visit, now published for the first time. Hardly anyone in Russia, least of all the author of *The Buffoon* and *Love for Three Oranges*, knew what the future would bring.

The metropolis of aristocratic culture into which Prokofiev was born in 1891 was distinguished by its veneration of genius, an attitude already on the wane in the rest of Europe. Along the Moscow-Petersburg axis, at times extending as far as Paris but rarely beyond, this attitude reached its apogee by 1912, when Prokofiev's generation made its debut. A reader of poetry need only think of Mayakovsky, Pasternak, Mandelstam, Akhmatova and Tsvetaeva – all his exact contemporaries – to recall the riotous flowering which continued until the World War which led to the Bolshevik putsch of 1917.


Sergei Prokofiev in the early 1920s

SOVIET DIARY 1927 AND OTHER WRITINGS
by Sergei Prokoviev, translated and edited by Oleg Prokoviev
Faber & Faber £17.50, 315 pages

It continued thereafter, albeit under new rules, rules that could be tightened or loosened by the new totalitarian regime to suit its tactical needs at home and abroad. Culture would generate propaganda without degenerating into propaganda. The regime wanted to show the world that it was "revolutionary", a prickly mandate because in terms of civic development its intentions were profoundly reactionary. Thus literature and the arts were seized upon as the ideal means to identify the corporate sponsor, the Bolshevik oligarchy, with progress, experiment, innovation. Out with the old (much of which was, as it often is, derivative, second-rate, academic). In with the new – much of which happened to be, as it so rarely is, unique, genuinely original, everlasting. The cultural achievement had been old Russia's. The propaganda coup was Soviet.

Like Pasternak in poetry, in music Prokofiev was destined to become Stalin's Exhibit A. The years between 1927, when he revisited his native land, and 1935, when he returned for good, were pivotal to Soviet political evolution, which alone makes his diary a seminal document of 20th-century history; those who still wonder why the regime succeeded in the first place should study this book. Yet it is also, needless to say, a seminal document in the history of world culture, published here alongside the composer's autobiography and other writings.

Prokofiev had literary inclinations, and his diary is as sharp-witted and keen-eared as any writer's. He knew just what sort of wool was being pulled over his eyes at every turn. He counted every spoonful of caviar and every sable pelt proffered to him or his wife, recording with seismographic precision every burst of ecstatic applause. He was a sceptic, well aware that he was about to be used, avoiding the pitfalls of allegiance and antagonism with equal care. But because the admiration he was receiving, from audiences and critics steeped in the same messianic attitude to culture that nurtured his genius from the start, was real and not staged, he could not help yielding to it.

He returned again, for similar visits or longer stays, in 1929, 1932, 1933 and 1934, and was lured to Moscow permanently in 1935. After 1938, only his music would be allowed out. In 1946, on Stalin's orders, a biography of this "great Soviet composer" was published in English, but never in Russian. Isolated and hounded, he finally suffocated. Symbolically enough, he died on March 5, 1953, the same day as his oppressor Stalin.

But in 1927 it was all seduction, and few could anticipate the betrayal. "You are a revolutionary in music, we are revolutionaries in life," a shrewd Bolshevik oligarch had told him in 1918, "if you want to go to America I shall not stand in your way." Now America, with its music critics "who never tired of platitudes like 'Beethoven is a great composer'", was behind him, as was England, whose critics saw him as "an apostle of Bolshevism." France, a Russian exile's natural home, proved "fickle". Even Diaghilev, the great impresario who colonised Europe for Russian art, was losing his grip on fashion. Ahead lay Russia's "revolutionary" future, with its Meyerholds, Mayakovskys and Chagalls waging war on ordinariness, banality, convention. What better world for an artist to live in? What artist could resist its temptation?

The ultimate price of the totalitarian temptation was martyrdom. If one pauses to reflect that the alternative was exile's obscurity, one understands Prokofiev's dilemma afresh. His was a road as old as art itself, signposted, in Russian as so often the case in our century, "To Calvary".

All for the love of a callous poet

Geoffrey Moore *on the sad, infatuated life of Elizabeth Smart*

BY HEART: ELIZABETH SMART, A LIFE
by Rosemary Sullivan
Limetree £17.99, 416 pages

SHORTLY AFTER VE Day I was buying Tambimuttu, editor of *Poetry London*, the first of many pints in the Princess Louise when he showed me the proofs of a book he was publishing. Then, as now, I found the title riveting. The author had used the emotive language of the 137th Psalm in the King James bible and incorporated it into her narrative.

The book was called *By Grand Central Station I Sat Down And Wept* and the author was Elizabeth Smart. Only now do I learn from Rosemary Sullivan's biography of Smart that, although the phrase was hers and occurs at the beginning of part 10, the title was the inspiration of her lover George Barker who died last month. Smart's title was *Images of Mica* and Barker, muttering quite correctly that "anything would be better", had with his showman's sense plucked out the words which encapsulate the book's theme.

The book which Tambimuttu published in August 1945 was 58 pages long. In the current Paladin edition, reprinted to accompany Sullivan's biography, it has expanded to 112 although the text is the same. On its original appearance Cyril Connolly gave it a goodish review in *Horizon* calling it a prose experiment by a writer with a genuine gift of poetic imagination, a fine sincerity, and a deep candour in suffering.

True. But Connolly went on to say that the book was spoilt by the "magnificent humourlessness of the *Venus toute entière*". Also true. I am inclined to think that it might not have been published at all if Tambimuttu, like everyone else, had not known that *By Grand Central Station*... was an account of the first meeting between Elizabeth Smart, George Barker and his first wife Jessica.

The writing is a heady combination of the Authorised Version and Smart's own gift for heightened prose. However, as Matthew Arnold pointed out, passive suffering does not make for great literature. There is no irony, no sense of proportion to tell Smart that her infatuation with a callous, bisexual poet was not of earth-shattering importance. Nevertheless, the book makes compulsive reading because of the white-hot heat that is generated by this passionate and pathetic woman who began as an Ottawa debutante and ended up combing lice out of her hair and drinking herself to death with the *Rogues & Rascals* of Britain's literary underworld.

Not that there was anything mean or cheap about Elizabeth Smart. She was perhaps a little touched, but as a human being she was worth ten of George Barker. She submitted herself to him whenever he wanted and the result was four children – although he could never spare the time from his various wives to settle down with her. The story starts when, in the Charing Cross Road, Elizabeth Smart fell in love with the poetry of George Barker and announced that she was going to marry him. Barker received word from his friends that there was a rich American who was keen on him and might be tapped for a bob or two.

They corresponded and Barker, who was at the time in Japan, sent a request for his passage to America – only the request was for two tickets. It had not entered Elizabeth's head that Barker might be a married man. Somehow she managed to swallow that and dunned all her friends for money. They were delighted to help a poet get out of Japan and in July, 1940 Barker and his wife were met by Elizabeth Smart at the bus station in Monterey, California. The rich American turned out to be a not terribly rich but extremely well-connected Canadian, but all was grist to Barker's mill.

According to Smart's own account, Barker made no secret of his various conquests including homosexual ones. Nevertheless, when he surprised her bathing under a waterfall she allowed him to give her "what I could no more refuse than the earth can refuse the rain". Bingo. Number one was conceived. It was as if, knowing that her talent was of a lesser order than Barker's, Elizabeth Smart thought of the children fathered by him on her as his poetic as well as his fleshly creations. She certainly loved them with a deep physical attachment, despite the poverty-stricken lives that she and they led in England between the wars.

Rosemary Sullivan writes with sympathy and insight about her fellow Canadian, detailing every incident large or small from Elizabeth Smart's birth on December 27, 1913, to her death on March 4, 1986. If it seems a pity that this beautiful girl could throw her life away for a poet who, although he may have been moderately talented, was as amoral as he was self-centred, the choice was hers. Dryden's phrase, "All for Love", comes to mind and despite the sordidness of Elizabeth Smart's life for 40 of her 72 years, it is as apt for her as it was for Dryden's noble subject.

(By Grand Central Station I Sat Down And Wept and *The Assumption of the Rogues & Rascals* are published by Paladin at £3.99 each.)

Fiction

Sleaze and tease

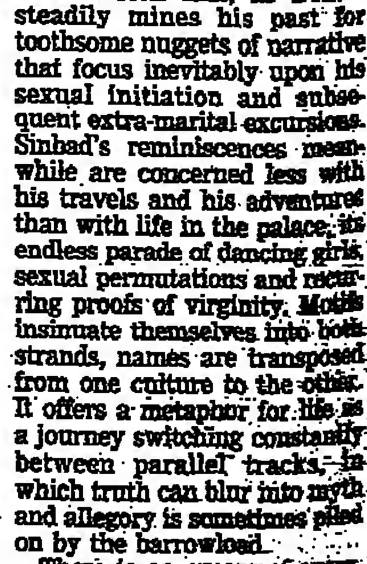
THE LAST VOYAGE OF SOMEBODY THE SAILOR
by John Barth
Hodder & Stoughton £15.99, 573 pages

DOCTOROW and Pynchon, Mailer and Barth: as if mirroring the Great American Dream, the Great American Novel seems more and more obsessed with quantity rather than quality. John Barth's latest may not rival Norman Mailer's in the sheer weight of its verbiage, but it is still a formidable read, remorselessly and self-consciously set up and intricately structured.

Those who remember early Barth and the randy reads of *The Sotweed Factor* and *Giles Goat Boy* from the 1960s will find in *The Last Voyage of Somebody the Sailor* the mixture of sleaze and tease, allegory and satire, surprisingly unchanged. And anyone who has followed his output faithfully across the last two decades might regret that time has not shaped his prose more economically, nor honed its proportions more effectively.

Hidden beneath the mass of detail and the piles of sexual metaphor in *Somebody the Sailor* is a carefully worked-out conceit on the art of making a novel, a lavish play on fictional levels and the modes of storytelling which connects up with the very different traditions of Borges and Calvino, even without a scrap of their economy and ironic detachment. Barth has his contemporary "New Journalist", Simon William Behler, set out on a sea voyage to trace the wanderings of Sinbad the Sailor, acknowledging on the flyleaf Tim Severin as the model for the character. The real-life world of Behler and his tangled personal life collides with the myth that he is seeking to verify; his boat is wrecked in the Indian Ocean and he is taken prisoner by a barbarous crew and an archaic ship that transports him back to the ancient Baghdad of Sinbad.

In the hope of remaking his connections with the 20th-century Behler challenges the legendary story teller to a marathon session of storytelling. Most of the 500-odd pages in Barth's novel are taken up with these tales, as they spiral around each other, cutting across the centuries and setting up unlikely correspondences before finally and rather predictably coalescing.


John Barth

It is a rich mix, as Behler steadily mines his past for toothsome nuggets of narrative that focus inevitably upon his sexual initiation and subsequent extra-marital excursions. Sinbad's reminiscences meanwhile are concerned less with his travels and his adventures than with life in the palace, its endless parade of dancing girls, sexual permutations and recurring proofs of virginity. Motifs insinuate themselves into both strands, names are transposed from one culture to the other. It offers a metaphor for life as a journey switching constantly between parallel tracks, in which truth can blur into myth and allegory is sometimes piled on by the barrowload.

There is an excess of everything and not enough hard grit. No doubt it is intended as a serious treatment of the art of story telling; Barth has rationed his output too carefully to have wasted so many words on a mere *jeu d'esprit*. But long before Somebody the Sailor recounts his last voyage and fictional fact and fictional fantasy are irretrievably fused, the mind has been numbed by the surfeit of imagery, irritated by the cocksure artifice, and the self-congratulatory slyness.

Andrew Clements

ARTS

Madonna frustrated

On celluloid is where this star wants to be, says ***Tim Lawrence***

MADONNA was only half-joking when she said "money makes people beautiful" in the film-documentary of her Blonde Ambition tour, *In Bed With Madonna*. According to *Forbes Magazine*, Madonna made $63m in pre-tax earnings last year, $17m less than Oprah Winfrey. Madonna is set to knock the chat show host off her perch and become, by her own definition, the most beautiful female entertainer in the world.

Over the last year, Time Warner has been wooing Hollywood's material girl in contract talks that could lead to the most lucrative deal yet signed by any star. The benchmark so far is singer Michael Jackson's $1bn deal to make records for Sony Music and films for the company's Columbia Picture unit. But following an article by Bruce Haring in *Variety*, rumours are now awash that Madonna is about to sign a Jackson-busting deal.

Liz Rosenburg, Madonna's spokeswoman, is keen to dampen speculation. "Negotiations are ongoing and any deal is weeks to months away," she says. However, according to Seymour Stein, president of Sire Records, a subsidiary of Time Warner and Madonna's record label, Time Warner is "very interested in getting more in bed with Madonna."

Madonna has generated more than half-a-billion dollars in record sales for the giant entertainment company: she has sold 80m albums and had more consecutive hit songs than the Beatles. "Discussions are taking place about the formation of a company that Madonna would be in charge of at Time Warner. She's their biggest selling artist and very important to them," says Rosenburg. Like Michael Jackson, Madonna is said to be demanding 25 per cent royalties for the new deal.

But for Madonna, the key element of her contract is expected to be films. She is known to be desperately seeking a breakthrough in her acting career which she hoped would materialise with the film version of *Evita*, but the production has so far failed to raise sufficient funds.

Warner executives have up until now doubted Madonna's appeal as a multi-media star, with her potential as a film actress widely questioned. Following a stylish debut in the oddball comedy *Desperately Seeking Susan*, she featured in a series of flops – *Shanghai Surprise*, *Who's That Girl* and *Bloodhounds of Broadway*. Her cameo role as Breathless Mahoney in *Dick Tracy* left doubts about her ability unresolved.

Stein does not doubt Madonna's ability: "I believe in her as a total artist. Given the right role, she'll be a huge film star. I've seen the script for her new film, *A League Of Their Own*, and it's her kind of character – very sexy. I think she will pull it off very naturally". Bob Weinstein, chairman of Mirmax, the film company which made *In Bed with Madonna*, also believes in Madonna's film potential. She is being offered parts by world class directors such as Woody Allen and Penny Marshall, he says.

Doubt does not feature in Madonna's own vocabulary. She believes she will be as successful in films as she has been in music. "I want to act in movies. I want to direct movies. I want to produce movies. I want to develop my favourite books into screenplays. I want to make movies about people who inspire me," she recently told *The Washington Post*.

As well as *A League Of Their Own*, a film about a true life all-woman baseball league in the 1940s and 1950s, Madonna will be in Woody Allen's next comedy, *Shadows And Fog*. She has also expressed interest in playing Frida Kahlo, the radical Mexican-born artist, and any film directed by Pedro Almodovar, the Spanish director of *Women On The Verge Of A Nervous Breakdown*.

But apart from success in the cinema, the Madonna phenomenon is close to its marketing peak. Except for the single "Justify My Love", released at the end of 1990, much of the last twelve months has been a re-packaging of existing material. *The Immaculate Collection*, a "greatest hits" album, was released in conjunction with a collection of Madonna's videos, and the worldwide Blonde Ambition tour was largely a stage performance of Madonna videos. The concert was screened on television worldwide and was followed by a string of interviews, including Wogan in the UK.

"The last year has been an extremely well planned consolidation exercise, a colon in her music career," says Steve Redmond, editor of *Music Week*, and Tony McGuiness, head of marketing at WEA Records, which markets Madonna in the UK, says "The soundtrack for *Dick Tracy* didn't sell well and we felt the time was right for a 'best of' album. We felt she needed to consolidate her audience."

The art of re-packaging is not new to Madonna. She has modelled and remodelled her image, voice and body throughout her eight-year stint at the top – a long run for a pop star. Because her music has matured, a lot of the 12-year-old followers she attracted eight years ago are still her fans today.

But Madonna is more than an exercise in mass-marketing. She appeals to a wide audience on several levels: some are attracted by her music and dancing, others by her often sophisticated and provocative imagery, or by her message of female power and sexual liberalism. The cornerstone of her success is her music. "She is at the cutting edge of music. She lives to dance. Music will always be important to her," says Stein.

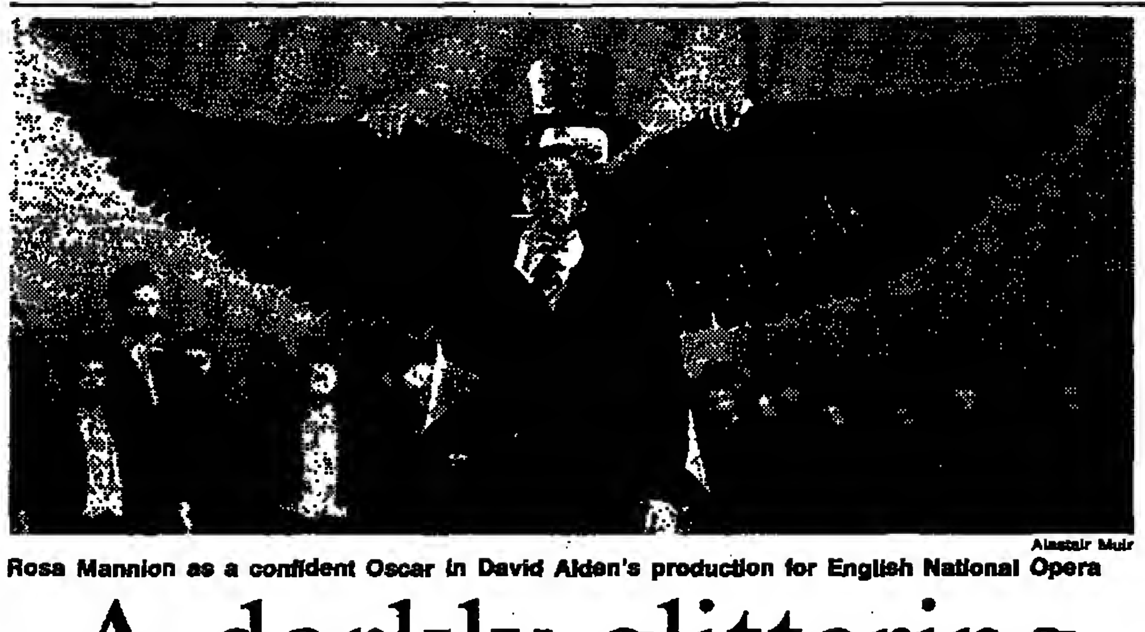
But the music comes second to the message. Controversy has always been what Madonna is about, and she reaches into Middle America and shocks it. Her portrayal of her sexual fantasies have caused the greatest upset. Naturally provocative, she may not set out with the intention of being banned, but her political and sexual messages are so forceful that she is always in danger of upsetting the censors.

Madonna readily confesses she is "as perverse as hell", which suggests that even if Madonna's personality has been carefully packaged, it is her own. And while Madonna is said to hate the idea that she is a calculating businesswoman, she runs her own business affairs and enjoys the image of being a woman in command. She may not have had a formal business education, but associates say she is streetwise and surrounds herself with the best – although "She is 100 per cent in control," says Rosenburg.

Stardom suits her well. Celebrity is her natural medium. When Madonna tells the physician in her documentary-film that she is happy to carry out her voice tests in front of the camera, a despairing Warren Beatty comments: "She doesn't want to live off camera. There is nothing to say off camera. Why would you say something if its off camera? What point is there of existing?".

But Madonna is frustrated. She wants to play to an increasingly adult audience and craves serious critical reception, but her massive media exposure is proving to be an obstacle. She is shackled with the label of pop star. Cinema may help her convince the critics of her serious artistic intentions.

Madonna: "Money makes people beautiful"



Alastair Muir

Rosa Mannion as a confident Oscar in David Alden's production for English National Opera

A darkly glittering 'Masked Ball'

Max Loppert welcomes the return of this production to the Coliseum

THE 1989 English National *Masked Ball* returns to the Coliseum. This is the Verdi production with the giant gilt frame and the red velvet curtain, the enlarged hourglass, the swinging chandelier, the wonky bed frame, the gin-swigging fortune-teller in a petticoat and the magnificent statue of a scythe-bearing horseman of death poised high above the finale.

This is the *Masked Ball* suspended in a time-stopped world, obsessively haunted with the threat of death: a dark, louring vision, part film-noir mystery, part surrealist nightmare, throbbing with a doom-laden "inner life" of its own. David Alden (producer), David Fielding (designer) and Wolfgang Göbbel (lighting) have combined on a staging of this most extravagantly operatic of Verdi operas that digs deep – deeper than any other *Ballo* I know – into its darkly glittering theatricality.

There are losses: inevitably there must be, in a staging that trains its beam so hard on a single aspect of a richly various masterpiece. The irruption of laughter into middle-period Verdi – personified by Oscar, here an unrecognisably goateed, cigarette-puffing messenger of fate – is downplayed; in all senses the mood of this production is black. The romantic passion of the music for the Act 2 love-duet is somewhat contradicted by the dreamworld activities of its enactment – Alden has re-worked aspects of the staging, not entirely (I feel) to its or our advantage.

Final responses must be a matter of personal taste. For me it remains, indeed, one of the most remarkable and completely compelling Verdi stagings London has witnessed in the postwar period; the pluses far outweigh the minuses. (How rewarding to have it back in the same week as a new, very different, and equally convincing straight staging of *Simon Boccanegra* at Covent Garden!)

The revival, carefully prepared, is interestingly and on the whole successfully cast. The standard is, perhaps, "house" Verdi, honestly and authoritatively matched to the production. Janice Cairns (making a welcome return to opera after nearly a year's absence in the wake of her *Tosca* injury) is again the committed, long-breathed, occasionally strident Amelia, Linda Finnie the bravura Ulrica; the other principals – Malcolm Donnelly the dark-toned, grittily forceful Anckarstroem, Rosa Mannion the confident Oscar, Michael Druiett and Michael Neill the conspirators – are new, and welcome. As Gustavus, more than ever the drama's central figure, the American tenor Richard Taylor (UK debut) sings and acts with suave ease and musicianship, if not a great deal of personality.

The show suffers, indeed, only a single important weakness. The new conductor, Graeme Jenkins, skates over the surface of the music, sometimes with notably insecure balance. His is a low-key reading, reasonably kind to voices, which consistently underplays the lightning-flashes of musical colour – and in connection with so stark a production style, the loss proves more serious than it might in other *Ballo* contexts.

Yet in spite of this caveat, the performance deserves vigorous recommendation. High-theatrical Verdi is not so common an occurence that the ENO *Masked Ball* can be taken for granted.

Improvisation under Dance Umbrella

Alastair Macaulay *reviews the current work of Julyen Hamilton and Laurie Booth*

TO WATCH either Julyen Hamilton or Laurie Booth affords some of the happiest sensations to be found in watching dance in Britain today. True, dance improvisation – their field – is usually a bore for a spectator. Not so, however, with Hamilton or Booth.

Their physical movement leads you into uncharted areas of the mind. Good dance improvisation is a strange blend of spontaneous impulse and semi-consciousness – as Hamilton in particular showed during Dance Umbrella 1991. No sooner had he entered the unpromising Purcell Room stage (November 1-3) than he had created his own world out of thin air – by the direction of his eyes, his stance, his complete physical absorption. And what followed blossomed out of that.

When he dances, Hamilton is a lone voyager, who finds relish, wit and lyricism in his adventures in time and space. He is so beautifully centered that his most off-balance movements never seem to disturb his equilibrium. He dances real steps, with a much larger lower-body vocabulary than most modern dancers, he has a wide range of gesture and, above all, he has one of the most broad and fine senses of dynamics I have ever seen. Watching this barefoot dancer is an easy, natural pleasure, not so unlike that of watching the solos of Fred Astaire.

The only bad thing about his long 1991 solo was its title: *Of Solution and Answer and Understanding*. He danced it to spoken text taken from the fiction of Elizabeth Pike and read by Jill Freud. Dancing to spoken text is another problem area for dance, but Hamilton seems to have the secret. He responds to text the way that, in mid-dream, you respond to sound in the next room: he lets it guide his fantasy – but less its sense than its sound. A little clause like "The rain clattered" stood out because Hamilton, moving to it, showed its dynamics so keenly.

And when the Pike text concerned an imaginary 19th-century dancer who hung long in the air, Hamilton never imitated that dancer or his jump, but by continuing in his own style somehow suggested that dancer's essence with touching irony. Hamilton's appearances here are irregular; he has been based in Amsterdam for ten years. This year, however, he has launched his own company, which will be touring the UK in 1992. It will be interesting to see what this great soloist can pass on to a troupe.

Laurie Booth also used to work mainly on his own. His collaborators, like Hamilton's, were mainly those who provided sound-worlds for him to move in. But in recent seasons he too has been experimenting with co-dancers. Now, here's another problem area: for Booth and Hamilton are two of nature's soloists and can search wide and far without finding true rapport.

The highlights of Booth's performances have usually been when he takes off on one of his long-phrased forays across or round the stage. Since last year, however, he has been directing duets for himself and Russell Maliphant; and Maliphant has entered Booth's movement with astonishing success. This year, Booth also acquired two other co-dancers, a man and a woman; and this was one of the drawbacks to latest work, *New Text| New Kingdom* (Riverside Studios, October 30-November 2, and on tour), since his new colleagues are not yet adept Booth stylists.

He is not an aerial dancer, and his style, with its upper-body power and its weighted, near-to-the-ground quality, strikes me as essentially male. Not that that is an issue when he dances with Maliphant; their duets are imaginative, seamless, extraordinarily harmonious but asexual. In this context, however, Ellen van Schuylenburch is plainly a woman in a man's world, and her encounters with Booth have a disturbing sexual tension that has nothing to do with the rest of the work.

New Text| New Kingdom did not work in other ways. It employed a pseudo-poetic text by Deborah Levy, that affected the audience like Booth's conscious voice over the sub-conscious events of the dance. "My heart," we kept hearing, "has been weighed in balance against a feather;" and against much else besides. The dance was cluttered with far more literal and dramatic imagery, and far fewer long phrases, than are usual with Booth: we saw hints of love, strangling, death and ludicrously portentous adjustments of a curtain. When we got to "I have weighed my heart against Belfast," I uttered the f-word.

Obituary

Tony Richardson

I FIRST met Tony Richardson, whose death at the age of 63 was announced on Friday, at Oxford in 1948. He was directing a scene from *Noah* by André Obey in a drama competition for first-year undergraduates in which he was beaten by John Schlesinger doing a Thornton Wilder one-acter. After Richardson's Oxford production of *Peer Gynt* the following year, we all realised that here was a future man of destiny in the theatre.

A charming and witty companion, he was not afraid to wound. He already felt highly competitive about anyone else with theatrical ambitions, such as Kenneth Tynan, for instance, slightly senior to him, or William Gaskill with whom he had been at school. His father was a chemist in Shipley, Yorkshire and they had christened their only child Cecil Antonio. Tony, the name he chose, was more suited to his rugged northern integrity.

After his Third in English, he came to London and to make his mark. He was taken up first by Olivia Manning, who let him the basement flat in her house and helped him to get a job in television drama. He directed the black singer Gordon Heath in *Othello*. But he was never happy working for the small screen and was scheming to put on a season of new plays by new playwrights in a small theatre somewhere away from the West End.

After several frustrating efforts, friendship with George Devine enabled him to realise this dream. He moved from Olivia's basement to the top floor of George's house in Chiswick. I recall visiting him there one broilingly hot afternoon and being served, on the rooftop with a fine view of the river, with tea by Tony who told me: "I've discovered the best play written since the war, *Look Back in Anger*". He was always prone to exaggerate and I did not take it seriously until I opened the papers on May 9, 1956, and realised that once again Tony had been right.

The rest is not only history but has been told with deadly accuracy by John Osborne in *Almost A Gentleman* – how they followed up that success with *The Entertainer*, Tony getting from Olivier the performance of his life. The Royal Court became Richardson's showcase not only for plays by Osborne, but also by Nigel Dennis whom he told me was "the new Ben Jonson", and revivals of then little performed works like *The Changeling*.

But having conquered the theatre Richardson became restless with it and turned to films, which he considered to be the more disciplined medium. Meanwhile, he married Vanessa Redgrave. "Really!" said Olivia who had by then been resoundingly dropped, "its as if he'd become a member of the Royal Family". Woodfall Films, the company formed from Curzon Street with Osborne and Oscar Lewenstein, gave him the opportunity after successfully filming *Look Back*, *The Entertainer* and *A Taste of Honey*, to turn to an English classic of sex and high jinks, *Tom Jones*

The success of that film was the second turning-point. London's loss was Hollywood's gain. Richardson's fortune was made; his marriage ended and he left these shores for Los Angeles, never to return. After *The Charge of the Light Brigade*, strangely he never made another film of any note – unless the posthumous *Blue Skies* turns out a masterpiece. His death from Aids is a double-shock. There was no hint of homosexuality in his youthful self, the one it gives me such joy to remember.

Anthony Curtis

Festival flourishes in Belfast

BELFAST in November has not quite the international appeal of Salzburg in August among arts festival groupies, and Belfast accepts the fact. Its current Festival, the 29th, and running until November 23, is basically for its own folk. Most of the airport arrivals are foreign artists.

The Festival was started by Queens University at a time when the city's artistic reputation was negligible. Since then the Opera House has re-opened; the Ulster Orchestra has come into being; and there are plans to build a £20m-plus concert hall on the banks of the Lough. But the Festival flourishes, getting a little longer, a mite more ambitious, every year.

If he feels in the mood the director, Michael Barnes, can enjoy a moan. He can complain about the Government, which is happy to pour money into every aspect of life in the Province except the arts. Until two years ago Northern Ireland trailed the other three parts of the Kingdom in arts subsidy per capita. Now it is third: it has overhauled England.

He could complain about the reluctance of critics to come even when he has attracted rare visitors, like the Hamburg Ballet, which has just sold out the Opera House. And he can complain about Belfast audiences, which will pack next week's RSC performances but stayed away from Cheek by Jowl; which flocked to the Scottish Opera's *Carmen* but not Saburo Teshigawara's dance company from Japan; which will not accept foreign language drama, or challenging music. The BBC Symphony Orchestra played Elgar and Brahms on Tuesday night, to great acclaim.

But being hard done by also gives cause for rejoicing. The Festival earns 55 per cent of its income from the box office, more than any competitor, and this year, unlike Edinburgh, it should break even. The local authority gives it relatively little aid, so Barnes is under no pressure to direct artists tounsuitable community halls on council estates.

The Festival offers an excellent excuse to visit Belfast. There are just two caveats. Barnes says a "Fringe" element is incorporated inside the Festival, but there is a definite lack of the adventurous and very little cabaret, comedy, street theatre, or student drama. The University created the Festival but its students make minimal impact on its programme. And the Festival could nurture its local genius more assiduously. The great international smash of the year is *Dancing at Lughnasa*, written by Belfast man Brian Friel. What a coup for the Festival if its first night had occured here rather than in Dublin?

★

The one night visit of the BBC Symphony Orchestra to Belfast was made possible by BP, which put up £15,000 for the trip. It was the Orchestra's first commercial sponsorship. But not the last. The BBC is desperately seeking outside help to keep its orchestras afloat. The BBC Philharmonic is now backed by the Royal Bank of Scotland, and the Welsh has attracted £275,000 from Hitachi for a tour of Japan.

But the Big One, the sponsorship of the Proms, is looking like a mirage. The BBC was reluctant to sell its most prestigious musical event cheaply and the £2m price tag deterred many potential sponsors. Then the restrictions on foreign companies, and anyone associated with such horrors as drink and tobacco, reduced the field to around 30 possible backers from which, remarkably, four expressed an interest.

But no deal has proved possible. The BBC proved inflexible on showing corporate logos on screen; on publicity trails; and on stretching the sponsorship over three years. It is also rumoured that director general John Birt is less eager to sell out the Proms than his predecessor.

★

Pop has long burst out of the straight jacket of music. Fashion, disco, publishing, design are all subsidiaries of sound which threaten to consume the original, not least in the spending ability of fans. Now the hit group Soul II Soul has decided to exploit the idea by opening a chain of around 50 franchise shops in the UK bearing its name and selling the kind of clothes it wears on stage which are enthusiastically adopted by its followers.

That Soul II Soul, the creation of design led Jazzie B, should be the first to actively pursue a concept which came dramatically to grief when the Beatles had their short lived flirtation with Apple, is no surprise. Soul II Soul began as a DJ outfit which developed into a retail outlet and creators of their own music. Then came the tours which were part fashion shows.

The group is now a trend factory in Camden Town. Its clothes are the kind of thing kids will be wearing to clubs, but Jazzie B is sharp enough to move with the times: if suits take over from leisure casuals it will be reflected first through its stores. He is looking for franchisees willing to invest around £70,000 in the concept. And the ultimate aim, apart from an early pension for the participants, is the world. Soul II Soul are big in the US and gigantic in Japan.

Antony Thorncroft

Poetry in performance

The Bull and the Bear

THE familiar, almost formidable bulk of the Poet Laureate makes its way, slowly, steadily, across the stage of the Lyttleton Theatre towards the spot-lit lectern like one of the larger ruminants. It is the beginning of the National Theatre's first Poetry Week.

Ted Hughes is an incomparable reader of his own poetry, but tonight the choice of poems is a little unusual – as is the accompanying commentary, which begins: "I'm of an age now when I can have a retrospective concert . . ." Opening with the pastiche of a medieval song he wrote in the late 1940s, Hughes leapfrogs over all but one of his best-known early poems – *Hawk Roosting* is the exception – and lands in the boiling, sexually-charged epicentre of *Crow*, an extended piece of personal myth-making that has worn badly since it was first published 20 years ago.

Subject matter apart, what never fails with Hughes is the strength and the character of that South Yorkshire voice. It is a tough, rasping, muscular, abrasive baritone, an extraordinarily resonant cavity, producing sounds that are strong, sinewy, passionate, with a rough cutting edge that immediately suggests metaphors of making, both human and inhuman: great stones being heaved one on top of another in order to build some massive structure of intricate delicacy, for example. It thrusts on and ahead in its assault upon the ear, and this matches perfectly the best of his poetic language, which is itself muscular and physically earthed. The words fall out of his mouth slowly, ponderously, thoughtfully. Even the tone of his voice, its after-echoes, sounds bovine.

And all the time that he is reading, that big, domed head is bent far down over his manuscript pages.

The evening ends with unusual abruptness. "It's eight minutes past eight now, I was going to read a poem by Wyatt and a poem by Shakespeare and a poem by Yeats – but I think we've had enough." Having slammed the door on us, no questions asked, he lumbers off – Devonward.

★

Could this *really* be the poet who had provoked Khrushchev to such fury at that meeting in the Kremlin in June 1963? Could this be the man whose treachery was said to have been as base as Pasternak's?

I asked myself these questions as I stared at the near legendary figure of Andrei Voznesensky on stage at the Voice Box, looking so benign in his diplomatic-cocktail-party *tenue* of light-grey double-breasted jacket, blue cravat and white dress shirt with its two pearl buttons at the neck.

Fortunately, his current English translator, Richard McKane, was in no doubt whatsoever about the emotions that were seething, as ever, within the breast of this mild-mannered gentleman, now pushing 60 – sweat had appeared on McKane's upper lip before his translation of the first poem was out; and his right hand was trembling so violently that he almost had to use the left to suppress it – an old trick of Dr Strangelove's, I recalled, whose symbolism would not have been lost on Andrei Voznesensky.

Of course, when Voznesensky began to recite the poems in the original Russian (the evening's selection consisted of a series of tributes to "our spiritual masters" – Chagall, Solzhenitsyn, Vysotsky – from *On the Edge*, his new book) the sky fell in – as it had done 20 years ago when he had filled the Round House to capacity. (Tonight there were just 50 fervent admirers).

Voznesensky is the most intensely dramatic reader of Russian verse that one could ever hope to hear. The voice sounds deceptively shy at first. It creeps like a mouse; it whispers; it croaks hoarsely as it begins to enter some deep, echoing tunnel . . . And then, all of a sudden, it leaps up with an animal's savagery and takes us by the throat. The room seems too small to contain it – some terrible force akin to the fury of the elements has been unleashed upon us.

And then, moments later, just as suddenly, voice, its character altogether it falls back again to a coaxing, wheedling purr and, with three or four swift downward stabs of sound, it's all over. And our elderly, benign Russian friend is back.

Michael Glover

ARTS

Great Wave from Japan

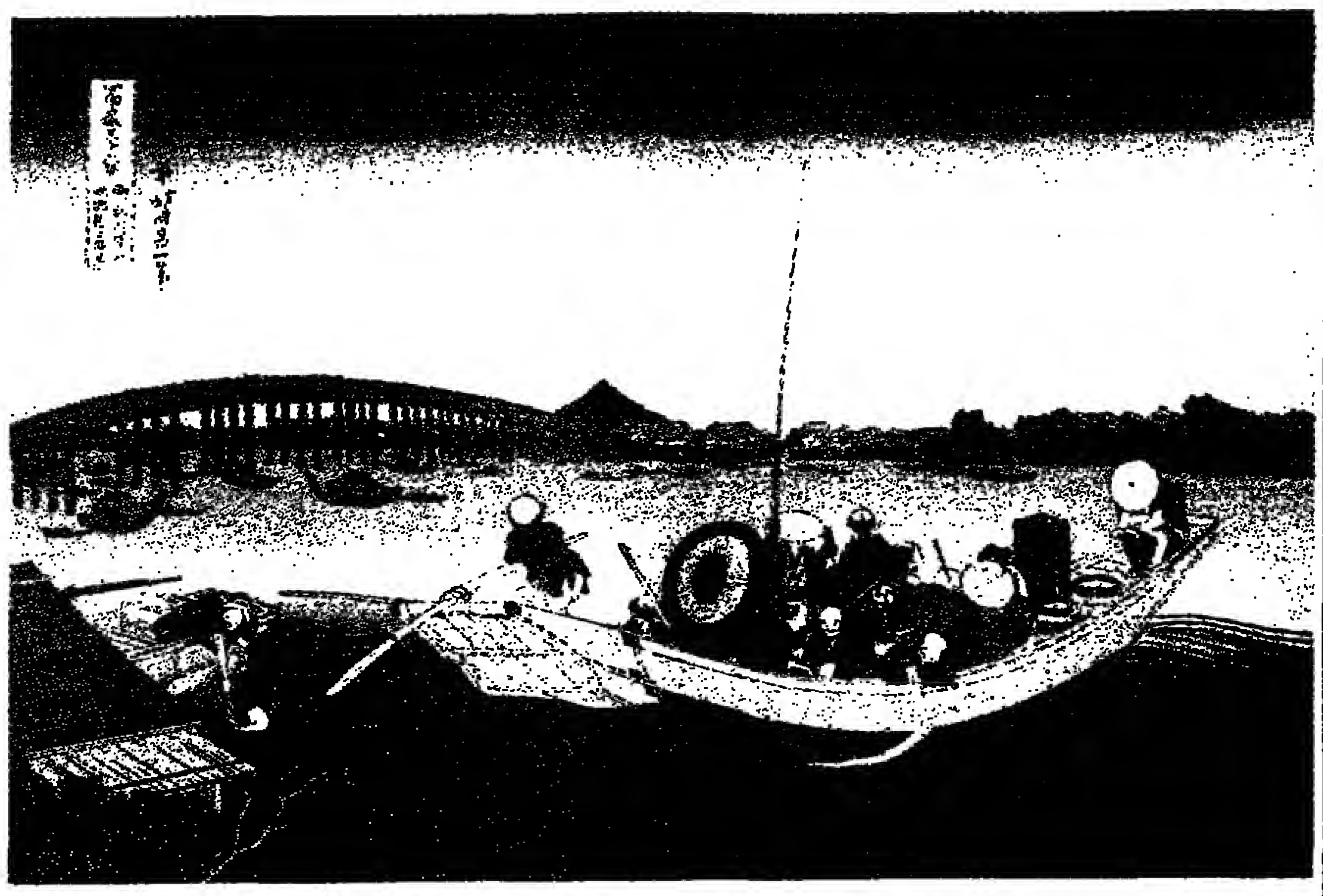
William Packer admires the work of Hokusai at the Royal Academy

KATSUSHIKA Hokusai is one of the great artists of Japan, and one of those rare creatures: the maker of a single image that has impressed itself upon the general consciousness, with or without the qualification of the artist's own name. "The Laughing Cavalier", the "Mona Lisa", "Sunflowers" – there are not that many, and Hokusai's "Great Wave" from his *36 Views of Mount Fuji*, is of them. There it sits among some 132 of his prints, drawings and illustrated books that now occupy the Sackler Galleries of the Royal Academy (until February 9: sponsored by *British Telecom and The* Industrial Bank of Japan).

Of all the elements of the Japan Festival, it is perhaps the most particular, a proper and authoritative study of the work of a single artist. But it is no exhaustive retrospective. It lays great emphasis on the series of landscape views, set on particular themes – Mount Fuji, bridges, waterfalls, views of the ocean, flowers, poems – that Hokusai was producing throughout the 1830s, setting this substantial body of work into the context not just of his work overall, but, by inference, into that of the encompassing Japanese tradition which formed him and which he, in his turn, radically influenced.

Born in 1760 and living on until 1849, he saw the last flowering and final decadence of the enclosed feudal society of the Japan of the Tokagawa Shoguns, that was brought to so abrubt an ending by Commodore Perry's intrusive expedition of 1853. He was an artist of "The Floating World", his subject the transitory and insubstantial life of art and pleasure to be found in the tea-houses, theatres and brothels of old Edo.

The conventional influence *of the older masters of Ukiyo-e* – the art of "the Floating World" – such as Utamaro, would remain with him in his treatment of figures, and is most notable here in his erotic images of lovers *in flagrante*. But as his interest developed in landscape, so his peculiar graphic strength appeared. He would always introduce figures to animate the landscape – boatmen, travellers, labourers in the fields or simply admirers of the view, all characterised with elegant economy and wit. But the former exquisite refinement falls away, just as does his direct treatment of the refined life of courtiers and courtesans.



"A ferryboat at Onmayagashi: viewing the evening sun at Ryogoku Bridge" by Hokusai, c.1833

The shift is to imagery at once more everyday and more vigorously expressed. The colour is flatter, brighter, simpler, the line stronger, even cruder, though done with the nicest judgment. With these developments comes a more direct concern with formal issues and ideas of composition. The waterfall is reduced to vertical stripes and slashes down the page. The bridge at Yatsuhashi zig-zags dramatically away across the water, the border suspension bridge barely more than one thick line and a most alarming single zig, with two heavily precarious figures at its lowest point.

A fisherman stands high on a rock above the water, the rock on which he stands echoing the curl of the waves below, his lines pulled taut to follow the mountain far away, of which his own bald head mimics the summit. The calmer waters of the Sumida River heave and swell beneath the Onmaya ferry, their simple graphic rhythm picked up by boat and bridge alike. And there is the Great Wave itself, the boats tobogganning vertiginously into its trough as the crest breaks high above, and Fuji no more than another wave far away. It is by just such graphic wit and radical economy that Hokusai registers so strong and clear in our modern eyes.

At heart a lack of soul

Antony Thorncroft on Diana Ross

DIANA Ross progressed through Wembley this week like Gloriana. She was charming, gracious, approachable, yet totally in command, giving her besotted fans exactly what they craved, but not a finger tip more.

Performing in the round she turned this way and that in a dazzle of different gowns and reflecting a myriad of musical styles, sometimes stepping down into the crowds to boogie with, or snuggle, up to, an appropriately extrovert acolyte, sometimes encouraging the prettier, smarter dressed, groups in the audience to join her on stage for a disco shrug, giving much but never all.

It is the very professionalism, the ease that comes from 58 albums and almost thirty years in the business, which create the doubts. The talents are undeniable – the soaring, rather high, voice which can cover any demand; the unchanging beauty; the best backing band that money can buy; the communal memory stretching back to the Supremes. But at the heart of the act there is a lack of soul, the common currency of Motown which so often converts into short change.

In her Billie Holiday medley she sings "Good morning heart ache", one of the saddest reveries in the canon. But she sings it with a smile, the lyrics as coolly and carefully enunciated as in any up-beat ballad. She is doing the business but is not touched to the core. The many references to the new album, rather than the adoration of the packed Arena (which does seem to be touched), explains her trip.

Yet Diana Ross has calmed with the years. The new material may sound like so much musical Complan. (I never expected her to introduce a new "green " ballad with the justification: "This is big in Japan"); the crowd pleasers – spritely versions of "Ain't no mountain higher" and "Touch me in the morning" – scattered sparingly throughout the set; but she is irredeemably a star, and a star at ease in her stellar galaxy.

Like every other older celeb these days she is daunted by the image of Madonna, an artiste who confronts rather than strokes her fans. Coming back from another split second costume change in a body stocking inadequately covered with sparklers, she challenges: "Is this too glitzy for you?" – then pushes it further with an uncharcteristically provocative spread of her legs and the quick aside "Don't tell Madonna". Diana Ross with a sense of humour – the world spins.

Radio

Read your genes

DR STEVE Jones's Reith Lectures (Radio 4, Wednesday, also Radio 3, Saturday) are headed *The Language of the Genes*. His first lecture this week, which he called *A Message from our Ancestors*, told of the virtual immortality of the gene, passed on endlessly unchanged from generation to generation. If I understood him aright (and the series won't be a picnic for the unscientific), the double-helix pattern is the standard for all genes, but in each there is a message made up of four items known by the four letters A,G,C,T. The order of their occurrence, sometimes in very long combinations, identifies the gene.

Comparison of genes will establish relationships no matter how distant. Black Americans can learn from where in Africa their slave-ancestors came. Argentinian mothers of parents killed in political activity could discover their parentless grandchildren. Yet the more we know of genetics, the more there is to learn. Chimpanzees have 98 per cent of the same genes as humans, yet are not human. No identifiable gene establishes maleness. Mrs Thatcher, said Dr Stevens, was wrong to say that there was "no society, only individuals;" but Freud was right to say that each of us bears a message from his past.

Europhile on Radio 4 takes an unpolitical view of Europe. Events in such places as Dubrovnik and Chechen-Ingushetia are left to the news programmes. This week the programme covered Estonia's love for choral singing (the music was delicious); the origin of Christopher Columbus, with *the conclusion that he was a* Portuguese spy at the Spanish court; the French domination of women's magazines; and a report of a show of Norwegian forest cats.

Seven serials are running on Radio 4, including *David Copperfield*, and two on Radio 5, including *Great Expectations*. *Whip Hand*, at 10 am on Tuesdays on Radio 4, deprives us of *Deuteronomy, not my favour*ite book in the Old Testament. But Dick Francis's tale, dramatised by Alan England, begins with so much plot, most seriously the nobbling of the Guineas favourite, that it goes high on my list. Mick Ford plays the one-armed ex-jockey detective Sid Halley, Philip Martin directs. And there was talk about Dick Francis on *Woman's Hour* afterwards.

It was Gay Week on Radio 3 drama. On Sunday came Christopher Isherwood's *A Single Man*, a landscape with figures. The landscape is academic California, the chief figures George, a teacher of English, Jim, his long-standing friend, and Kenny, a student who nearly replaces Jim after he has been killed in a road accident. Beside these are Doris Wilson, who is after Jim but dies of cancer, and Charlie, a deserted English GI-wife who cares for George but decides to return to England. The landscape is nicely done, but the figures are perfunctory, apart from George, a recognisable self-portrait ably played by Alec McCowen. Michael Michaelian has adapted his own play, and Glyn Dearman directed.

Isherwood barely mentioned sex, but Michael Azama's *Life and Death of Pier Paolo Pasolini* on Tuesday was thick with it. Pasolini, Communist poet and film director, fancied working-class boys, and we survey his relations with two. Ninetto (Richard Pearce) is quiet and friendly, and ultimately decides to get married; Giuseppe (Dexter Fletcher), a real little monster, lures Pasolini to the beach at Ostia, and there he is thoroughly murdered by him and his gang. Azama's script (translated and adapted by Caroline Behr) *alternates Pasolini's private* actions and public humiliations; his novels and films are banned, even if well criticised, and he spends as long in the courts as in the studios. Alfred Molina makes him sound truly a "dissident from every creed", but what Azama has left out is the element of artistic genius, spoken of but not revealed. Jeremy Howe is the director.

B.A. Young

Drama out of nightmare

Claire Armitstead reviews two new plays at the Tricycle and Osborne at the Palace Theatre, Watford

OLD SOCIALISTS never die, they just retire to run bed and breakfasts in Wales. So asserts John McGrath, whose new play is one of two to open at Kilburn's Tricycle Theatre this week. Both pieces, in their different ways, march into contemporary nightmares and emerge, if not smiling, then at least with eyes open and fixed on the possibility of a future.

McGrath, who in the good old days founded the left-wing theatre company 7:84, fills the Tricycle's late-night slot with *Watching for Dolphins*, a solo piece for his wife and collaborator, Elizabeth Maclennan, which records a rite of passage from old certainties to a tentative new faith. Strangely, for a monologue by a defeated revolutionary, it seems as wholesome and unexpected as a hot toddy in a hurricane.

The wholesomeness comes not from McGrath's world view, which is understandably morbid, but from the fact that a writer of his calibre should have kept his faith when all around are losing theirs. He swoops with affectionate exasperation on the little predictabilities of the left: Paris in the 1960s, women's groups in the '70s, internecine feuding in the '80s, melt-down in the '90s. Maclennan conjures a woman who is chaotic, isolated, redundant in her little Welsh retreat, banging out *Internationale* on a tuneless piano as she waits to feed her wealthy tourists, but she has intelligence and integrity, and at least she is alive.

That is more than could confidently be said of the hostage in Lesley Bruce's perceptive and topical first stage play, *In Broad Daylight*, a collaboration between the Tricycle and Southampton's Nuffield Theatre, directed by Patrick Sandford.

Bruce betrays her radio and television background in the structure of a play, which for all its flaws, goes far further *than William Nicholson's fee*ble *Map of the Heart* (a recent West End premiere) towards understanding and contextualising the suffering of a hostage's nearest and dearest.

The characters could be culled from recent newspaper coverage. An ambitious writer, is seized in broad daylight during a visit to the Lebanon, leaving his girlfriend and sister to fight his corner. His sister, Tina (Emma Dewhurst) takes the line of most resistance, chaining herself self-importantly to the Foreign Office railings to win publicity, while his girlfriend, Hope, turns morbidly in on herself after dashing herself against a wall of international diplomacy.

Ben Walden and Jason Calder in 'The Picture of Dorian Gray' at Watford

To the men and women Hope meets on the streets of Beirut during a visit to drum up support, James is simply one of many. The nub of the play, and its strength, is the individual's attempt to reconcile this irrefutable fact with the loss of a single loved one.

In her efforts to represent the full complexity of the situation Bruce anatomises it almost too carefully. The "issues" are personified in a *series of figures – a doctor* who has witnessed the slaughter of thousands in a refugee camp, an elderly American hostage, recently released and struggling with his new celebrity status, a Lebanese woman whose son and husband have disappeared. The intrusion of James himself, in scenes which illustrate both his predicament and Hope's construction of it, offers yet another perspective – that of the hostage. This is a mistake, as it undercuts the driving emotion of the play, which is Hope's fear of the unknown.

Yet, Bruce writes with wisdom and compassion, allowing Hope to be irritating, obsessive, self-dramatising as well as strong and faithful. In one marvellously revealing scene, she extorts a confession of love from her staunchest friend and ally, and then pettily misconstrues it as evidence of a past betrayal because it is easier to deal with in those terms. Rachel Joyce beautifully portrays a woman teetering on the edge of blind zealotry, while the slighted Mac (Christopher Fulford) has the bumptious goodness of a loyal hound. *Adversity, as both Bruce and* McGrath acknowledge, does not always bring out the best in people.

Like Robert Louis Stevenson's Dr Jekyll and Mr Hyde, which predated it by four years, *The Picture of Dorian Gray* has an archetypal quality which enables each age to see the reflection of its own concerns. Like Jekyll and Hyde it is about the warring urges in a single man, although where Stevenson uses science as a catalyst, Wilde uses art. While Stevenson split the personality, Wilde split the soul, protesting, in the scandal that followed publication, that: "There is no such thing as a moral or an immoral book. Books are well written or badly written. That is all."

John Osborne's dramatisation, premiered at Greenwich *Theatre in 1975 and revived* now at the Palace Theatre, Watford, takes a Wildean line, underplaying the melodrama of the ageing picture and eternally young sitter, in order to emphasise the exquisitely turned epigramatic writing. Ben Walden's Dorian is an empty vessel whose mannerisms and speech patterns have a curious formality, even when he is committing his first, decisive cruelty of scorning his actress sweetheart and sending her off to her suicide. Instead of rising to a rage, he spits the insults out as if it is almost too much of an effort to bother. His morning-after remorse seems similarly shallow and transitory – an irritation that his repentance has been thwarted rather than an anguish that what is done cannot be undone.

Walden's performance, coupled with the fact that the picture is never revealed to us, means that the horror of Gray's situation, so vividly dwelt on by Wilde, barely touches Lou Stein's production. It is an interesting reading, which defeats itself dramatically. It allows no sense of moral struggle or looming catastrophe, because this is a character without inner reality. Peter Woodward plays Gray's opium-smoking friend, Lord Henry Wotton, with a fine Mephistophelean sneer which emphasises that he has no-one of Faustian stature to manipulate. The only member of their set with anything approaching a soul is Peter Bourke's rather touching Basil, whose troubled face reflects the contents of his easel.

Robin Don's design idiom is opium-den revery. Huge oriental carpets dwarf the stage; the plotline is punctuated by the trundlings of slabs of set. It is gorgeous to look at, but oddly inconvenient, emphasising the splintered novelistic scene structure rather than easing the story into the theatre.

Chess No 897: 1 Ne6 (threat 2 Qf4) Kxd6 2 Nf7, or Kf6 2 Qg5, or Ke4 2 Qe2, or exd6 2 Qd4, or Bxe6 2 Rxe6.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 Chuckievision. 8.35 Dungeons and Dragons. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand including 12.20 Football: European Championship round-up and FA Cup preview. 12.55 Racing from Ascot: The Manicou Handicap Chase. 1.10 News. 1.15 Football: Round-up continued. 1.25 Racing: The Forte Handicap Hurdle. 1.40 Rugby League/Boxing: Preview of this afternoon's match between Warrington and Leeds, and news of Frank Bruno's comeback against Dutchman John Emmen. 2.00 Racing: The H and T Walker Gold Cup Chase (H'cap). 2.15 Motor Racing: The Bathurst, Australia's premier touring car race. 2.50 Rugby League: Warrington v Leeds from Wilderspool Stadium. 3.40 Football Half-times. 3.50 Rugby League. 4.35 Final Score. Times may vary.
5.00 News.
5.10 Regional News and Sport.
5.15 One to Win.
5.45 Only Fools and Horses.
6.15 Bruce Forsyth's Generation Game.
7.15 Challenge Anneka.
8.05 Birds of a Feather.
8.35 The House of Eliott.
9.30 News and Sport; Weather.
9.50 Saturday Night Clive is joined in the studio by Peter Cook.
10.35 Match of the Day. Desmond Lynam introduces highlights from today's action in the FA Cup. Surviving non-league sides line up against the teams from the Third and Fourth Divisions, and Grimsby Town and Tranmere Rovers, promoted to the Second Division last year, make up the numbers for the First Round. Plus a round-up of all the significant action and results.
11.35 Film: The Lords of Discipline. When an American military academy accepts its first black student, a secret society pledges to ensure he doesn't survive. Drama starring GD Spradlin and Barbara Babcock (1983).
1.15 Weather.
1.20 Close.

BBC2

11.05 Spirit of Asia. 12.05 pm Holiday Outings. 12.15 Film: The Happiest Days of Your Life.

1.35 Animation Now. Scarecrow.
1.45 Heirs and Graces.
2.15 Network East.
2.45 Mahabharat. (English subtitles).
3.25 Past and Present Preserved.
3.40 Film: Running Brave (1983).
5.20 Play Bridge with Zia.
5.50 Japanese Language and People.
6.20 Have I Got News for You?
6.50 News and Sport; Weather.
7.05 Sounds of the Sixties.
7.35 The Second Russian Revolution.
8.25 Saturday Night Out. An evening of programmes reflecting the gay way of life, looking at some of the problems faced by homosexuals in the past, and anticipating some of the issues of the future.
8.30 The Gay Rock 'n' Roll Years.
9.20 Terms of Endearment. Columnists justify their hostility to homosexuality.
9.29 To Be or Not to Be. Film questioning the price of openly declaring one's sexual orientation. With actors Sir Ian McKellen, Simon Callow and Anthony Sher.
9.50 The Naked Civil Servant. Drama charting the life of Quentin Crisp, the illustrious homosexual.
11.05 Quentin Crisp Today.
11.10 With the In Crowd. Celebrities declare their heterosexuality.
11.13 The Greenhouse Effect.
11.20 The Last Resort. The Isle of Man, where homosexuality is still a criminal offence.
11.35 A Chinese Love Story. The legend of an Emperor's love for a young male courtier.
11.40 That's What Friends are For. Drama about life as a gay man.
11.47 Suddenly Last Summer. A look at the tennis scene where women flock to watch Martina Navratilova and Billie Jean King.
12.00 A Book at Bedtime.
12.05 Futures. Sociologist Stuart Hall, writer Maureen Duffy and historian Jeffrey Weeks reflect on the past and look into the future of such issues as sexuality and Aids.
12.25 Some of My Best Friends. Discussion of the work of black film directors who explore sexuality and race.
12.40 Tongues Untied. Film incorporating poetry, performance and documentary to explore what it means to be black and gay.
1.40 Close.

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm Superman.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy analyse last Wednesday's international football fixtures, preview today's Sheffield Wednesday and United derby clash and tomorrow's live match between West Ham and Liverpool.
2.00 PGA Golf Tour 91. From the Kauai Lagoon resort, Hawaii. Featuring the winners of golf's four major championships - John Daly, Payne Stewart, Ian Woosnam and Ian Baker-Finch.
3.00 Film: Poison Ivy. Michael J Fox stars in this teen comedy set in a boys' summer camp, where the director has problems of his own with his crazy wife. Also starring Nancy McKeon (1984).
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.10 10 Sharp. Including new pop group Take That and ex-Neighbours actor Ashley Paske (who played Matt Robinson). Also a look at the sport of Velcro flying.
5.55 New Baywatch.
6.45 Blind Date.
7.45 Stay Lucky. The door to a career in showbusiness management swings open for Thomas when Sally drags him along to meet a theatrical agent who's very big on the Northern club circuit. Starring Dennis Waterman and Jan Francis.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Film: Young Guns. Premiere of this brat-pack western based on a true story. Six young outcasts are hired to guard an Englishman's ranch against a mob in 1870s New Mexico. Starring Charlie Sheen and Emilio Estevez (1988).
11.05 Tour of Duty. The men are frustrated and depressed over the progress of the war and the lack of American support.
12.00 Get Stuffed.
12.05 Ten Pin Bowling.
1.05 Get Stuffed; ITN News Headlines.
1.10 New Music; ITN News Headlines.
2.15 Night Heat.
3.10 Coach.
3.40 WCW Pro Wrestling.
4.25 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Tony Jacklin's Pro-Celebrity Golf Challenge. 12.30 pm American Football - Red 42.

1.00 Film: Fast Company. A bookseller turns detective to solve a murder and the disappearance of valuable books from a library. Starring Melvyn Douglas (1938).
2.20 Film: Beat the Devil. A group of oddly assorted travellers plan to acquire land known to contain uranium deposits. Starring Humphrey Bogart and Robert Morley (1954).
4.05 Flight of Winter.
5.05 Brookside.
6.30 News Summary and Weather followed by Right to Reply. Stephen Taylor asks Arthur Scargill and Mary Whitehouse what they thought about appearing on Ring My Bell. Alan McCormick interviews David Baddiel from the Mary Whitehouse Experience, Martin Fisher, editor of comedy development at the BBC, and Seamus Cassidy, commissioning editor Light Entertainment at Channel 4.
7.00 South. Profiling the assassinated African leader Thomas Sankara. Plus an examination of 500 years of resistance by the indigenous peoples of North and South America to colonial influences.
8.00 Film: The Card. Charming comedy about a penniless young man who sees how to get ahead in the world and seizes his opportunity. Starring Alec Guinness and Petula Clark (1952).
9.40 Next Stop Hollywood: 12.01. A man is horrified to discover that, due to a freak of nature, the same hour repeats over and over again for people and events around him. He is the only one totally unaffected.
10.10 Film: The Icicle Thief. Italian satire on consumerism. Part of the Mondo Cinema season starring Caterina Sylos Labini, Maurizio Nichetti and Heidi Komarex (1989).(English subtitles).
11.45 The Oprah Winfrey Show.
12.40 American Football – Red 42.
1.10 The Word.
2.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA: 12.30 Ultrasail 1991. 1.05 Anglia News 1.55 The A-Team. 2.50 The Invasion. (1980) 5.05 Anglia News and Sport 5.15 Warner Cartoon. 9.00 Regional Weather.
BORDER: 12.30 Munsters Today. 1.05 Border News. 1.55 Hard Time on Planet Earth. 2.50 Thrill of a Romance. (1945) 5.05 Border News and Weather 5.15 Cartoon Time. 11.05 The Granada Match.
CENTRAL: 12.30 The Munsters Today. 1.05 Central News 1.55 Speedway Test Match. 2.55 Battle for the Planet of the Apes. (1973) 4.25 Cartoon Time. 5.05 Central News 5.10 Central Sports Special - Goals Extra. 9.00 Central Weather. 11.05 Terror on Highway 91. (1988)
CHANNEL: 12.30 Blockbusters. 1.05 Diary Dates 1.55 The Life and Times of Grizzly Adams. 2.55 Hector's Bunyip. (1986) 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 5.15 Cartoon.
GRAMPIAN: 12.30 Beatha'n Fhasaich. 1.05 Grampian Headlines 1.55 Beachd. 2.50 The Life and Times of Grizzly Adams. 3.45 Wrestling. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Put It in Writing. 9.00 Grampian Weather. 11.05 Kojak.
GRANADA: 11.30 Peppino. 12.00 The ITV Chart Show. 1.05 Granada News 2.00 The Life and Times of Grizzly Adams. 2.50 Doctor in Love. (1962) 4.35 Cartoon. 5.05 Granada News 5.10 Granada Goals Extra. 11.05 The Granada Match.
HTV: 12.30 The Munsters Today. 1.05 HTV News 1.55 The Life and Times of Grizzly Adams. 2.50 Thunder Bay. (1953) 5.05 HTV News and Sport
HTV Wales as HTV except: 5.20 Cartoontime.
SCOTTISH: 12.30 Dinosaur. 1.05 Scotland Today. 1.55 All Action Sports Special. 2.20 My Secret Identity. 2.50 Tiger Bay. (1959) 5.05 Scotland Today 5.15 Cartoon Time. 9.00 Scottish Weather. 11.05 Bedazzled – Kevin McDermott Orchestra. 11.25 The Young Riders.
TSW: 12.30 The South West Week. 1.05 TSW News. 3.00 Along Came a Spider. (1969) 5.05 TSW News and Sport 5.15 Gus Honeybun's Cartoontime. 9.00 TSW Weather. 11.05 Speedway.
TVS: 12.30 Blockbusters. 1.05 TVS News 1.55 The Life and Times of Grizzly Adams. 2.55 Hector's Bunyip. (1986) 5.05 TVS News and Sport 5.15 Cartoon.
TYNE TEES: 12.30 The Munsters Today. 1.05 Regional News 1.55 The Life and Times of Grizzly Adams. 2.50 Doctor in Love. (1962) 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 11.05 Kojak.
ULSTER: 12.30 Dinosaur. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 2.50 Treasures of the Snow. (1985) 5.05 Ulster News and Sport 9.00 Ulster Newstime 11.05 The Granada Match.
YORKSHIRE: 12.30 Katts and Dog. 1.05 Calendar News 1.55 The A-Team. 2.45 Voyage to the Bottom of the Sea. 4.30 Cartoon. 5.05 Calendar News 5.15 Cartoon Time. 9.00 Local Weather. 11.05 Eleni.

SUNDAY

BBC1

8.40 The Pennine Challenge. 9.10 News. 9.15 In Touch with Healing. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Fast Feasts. 11.00 No More Nightingales. 11.30 Skillshop.

12.00 Through the Looking Glass.
12.30 Country File. John Craven sets a tough challenge in the Radio Times/Country File competition.
12.55 Weather for Farmers.
1.00 News; On the Record.
2.00 EastEnders.
3.00 Film: The Prisoner of Zenda. An Englishman is asked to impersonate the King of Ruritania to foil a deadly plot. Swashbuckling adventure starring Stewart Granger and Deborah Kerr (1952).
4.40 Biteback. New series.
5.20 The Clothes Show. Jeff Banks visits the Rapee School of Dressmaking in Thailand.
5.45 Merlin of the Crystal Cave. New series. Fantasy adventure based on the Arthurian legend, in which Merlin relives his years of magic, war and adventure. Starring George Winter and Robert Powell.
6.15 Tomorrow – The World. How to build up confidence by giving helpful criticism. With Phillip Hodson and Phillippa Davies.
6.25 News.
6.40 Songs of Praise. From St Mary's Church in Hemel Hempstead.
7.15 You Rang, M'Lord?
8.05 Trainer. While Mike and Frances search for a rumoured 'super-horse' in Ireland, a Japanese tycoon shows great interest in one of the Arkenfield horses.
8.55 News and Weather.
9.10 Ashenden. New series. Recruited into the Secret Service, John Ashenden finds himself engaged in a desperate duel of wits with an Italian actress. Four-part World War One espionage drama starring RSC actor Alex Jennings, Ian Bannen and Harriet Walter.
10.05 The Heart of the Matter. Joan Bakewell talks to animal rights activists who are trying to stop people eating meat. Also included are views from representatives of the meat industry and vegetarians. Last in series.
10.40 The Days and Nights of Molly Dodd.
11.05 Japanese Language and People.
11.35 The Sky at Night.
11.55 Mahabharat. (English subtitles).
12.35 Weather.
12.40 Close.

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil. 7.30 Charlie Brown Specials. 7.55 Playdays. 8.15 Blitsa. 8.30 Telling Tales. 8.45 Babar. 9.10 Blood and Honey. 9.30 Defenders of the Earth. 9.50 Blue Peter Omnibus. 10.40 The Dark Season. 11.10 Boxpops. 11.50 The O-Zone. 12.00 Around Westminster.

12.30 Film: Lady Jane starring Helena Bonham Carter and John Wood.
2.45 The Making of K2.
3.15 The Outsider's Guide to World Series Baseball. David Taylor takes a behind-the-scenes look at America's national pastime as he finds out who owns the ballparks, looks at player affluence and takes stock of the big business of game merchandise.
4.15 Def II: Rough Guide to the World's Journeys.
5.05 Rugby Special. London Irish v Bath in the first round of the Rugby League. Introduced by Chris Rea with commentary by Nigel Starmer-Smith.
6.05 Travel Show Guides.
6.35 The Money Programme. Peter Jay interviews Leon Brittan, EC commissioner for competition, on whether the EC approach should be to increase competition by breaking up big firms, or to encourage companies to merge to be more competitive in the world economy.
7.15 The Birth of Europe. The Gulf War showed how Europe's survival depends on imported oil. The final part of this series reveals how the economic and political power of European countries now hangs on their energy supplies.
8.10 The Dream Machine. New series. Konrad Zuse, creator of the computer, said that he was too lazy to calculate so he invented a machine that would do the work for him. But few visionaries saw, even then, that the computer would someday become much more than a machine for doing arithmetic.
9.00 Did You See? Labour MP Roy Hattersley looks at Coronation Street; comedy and thriller writer Simon Brett reviews Dawn French's Murder Most Horrid and actress Sheila Hancock looks at Challenge Anneka.
9.30 Not Mozart. Bring Me the Head of Amadeus. A comic nightmare.
10.00 Little England.
10.10 Film: Real Genius. Comedy drama (1985).
12.00 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend.

1.00 ITN News; Weather.
1.10 Walden. Interview with Edward Heath MP, the former Prime Minister; The Day.
2.00 Cartoon Time.
2.15 Batman.
2.45 The Match. West Ham United v Liverpool. Live football action hosted by Elton Welsby from the First Division. Commentary by Brian Moore.
5.00 Bullseye.
5.30 Dinosaurs.
6.00 Animal Country. Featuring red squirrels, horses built like mountains, cranes that have flown from India, geese from Russia, and ducks all the way from the Arctic.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry Secombe visits the Cornish town of Falmouth.
7.15 Beadle's About.
7.45 The Ruth Rendell Mysteries: From Doon with Death. Part two. The arrival of a letter seems to set Wexford on the right track to solving the mystery. Starring George Baker.
8.45 London's Burning.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 Spitting Image.
10.35 The South Bank Show. Playwright Arthur Miller, whose latest drama, The Ride Down Mount Morgan, opened recently in The West End, talks about the theatre and his fears for modern American society; The Day.
11.40 Cue the Music.
12.10 Film: The Stunt Man. A Vietnam veteran on the run from the police finds refuge as a star stunt man for a sinister film director. Starring Peter O'Toole and Steve Railsback (1980); ITN News Headlines.
2.35 Cue the Music.
3.05 Film: Schimanski: Katya's Silence. Schimanski investigates the shooting of a policeman. Thriller starring Gotz George and Eberhard Feik; ITN News Headlines.
4.50 Pick of the Week.
5.15 Stir Fry.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Reading. Leader of the House John MacGregor defends the government's decision to cut short discussion on the new council tax Bill by imposing a guillotine. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: Miss Sadie Thompson. A night club entertainer becomes stranded on a Pacific island at the end of the Second World War. Musical starring Rita Hayworth. (1953).
3.40 Pete Smith Specialties.
3.55 Burning Books. Books to be discussed include Alistair McLeod's The Lost Salt Gift of Blood and the Devil and the Giro by various authors; Paul Sammon's Splatterpunks and the photography books Mary Ellen Mark and Archaos.
4.25 Answering Back. Bill Morris, recently elected as general secretary of Britain's largest trade union, the Transport and General Workers Union, is interviewed by Mary Goldring.
4.55 News Summary; Weather.
5.00 Family Pride.
5.30 The Storyteller.
6.00 Press Gang.
6.30 The Cosby Show.
7.00 Equinox. For approximately 40 years, computer scientists have been pursuing a dream - to make a truly intelligent machine. Equinox examines the beginnings of this technological revolution.
8.00 Whicker Way Out West. Alan Whicker meets the devotees of the one great Californian love affair – the car. Previously shown on ITV.
8.30 American Football. The main game tonight is the Denver Broncos at the Kansas City Chiefs and the road game is the Washington Red Skins at the Pittsburgh Steelers.
10.00 Film: Attack! An American infantry command is led by a coward. Violent war melodrama. Starring Jack Palance, Eddie Albert and Lee Marvin. Part of the Rebels with a Cause season (1956).
12.00 Film: Alexandria Encore. Violent dispute leads a film director to assess his life and his future. Starring Egyptian director Youssef Chahine. Part of the Cinema from Three Continents season (1990).
2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA: 12.30 Goals Galore. 12.55 Anglia News. 2.00 Wheels Special. 5.00 Dinosaurs. 5.30 Bullseye. 6.35 Anglia News.
BORDER: 12.30 Gardening Time. 12.55 Border News. 2.00 Katts and Dog. 2.30 Cartoon Time. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News. 11.35 Prisoner: Cell Block H.
CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.00 Monster Trucks - Racing to the Finish. 6.00 The Earth Dwellers Guide. 6.35 Central News. 11.35 Prisoner: Cell Block H.
CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 The Boat Show. 6.35 Channel News. 11.35 The Human Factor.
GRAMPIAN: 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.00 Coronation Street. 3.00 The Silk Road. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's Larder. 11.35 Prisoner: Cell Block H.
GRANADA: 12.25 Granada This Week. 12.50 Aap Kaa Hak. 2.00 Cartoon Time. 2.10 Taylor and McMenemy. 5.30 Coronation Street. 6.35 Granada News 11.35 Prisoner: Cell Block H.
HTV: 12.30 West Country Farming. 12.55 HTV News 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 6.35 HTV News
SCOTTISH: 12.30 The Munro Show. 12.55 Scotland Today. 2.00 Glen Michael's Cartoon Cavalcade. 2.30 Smash Up, The Story of a Woman. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Scotland Today. 11.40 McCloud.
TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Rugby. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 11.35 Prisoner: Cell Block H.
TVS: 12.30 TVS News. 12.33 Agenda. 2.00 Guernsey Offshore Powerboats. 2.30 Cartoon. 6.35 TVS News 11.35 The Human Factor.
TYNE TEES: 12.25 Budo Sai. 12.55 Regional News. 2.00 Cartoon Time. 2.15 The Back Page. 6.35 Regional News. 11.35 Prisoner: Cell Block H.
ULSTER: 12.30 Gardening Time. 12.55 Ulster Newstime 2.00 Cartoons. 2.15 The River Thames. 5.30 Coronation Street. 10.00 Ulster Newstime 11.32 Ulster Newstime. 11.35 Prisoner: Cell Block H.
YORKSHIRE: 12.25 Goals on Sunday. 12.50 Calendar News. 2.00 Your Match. 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 11.35 Scrumdown.
S4C Wales as Channel 4 except:- 9.25 Willo the Wisp. 9.30 It Wishes Were Horses. 10.00 A Week in Politics. 10.50 Voyage to the Bottom of the Sea. 11.45 An Award for Mr Rossi. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Mlaen. 2.15 San Steffan. 2.35 Equinox. 3.35 Payment Deferred. 5.00 The Golden Girls. 6.30 Pobol y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Anest. 10.10 Ffinlau. 10.30 American Football 91-92.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 The News Huddlines. 2.00 Ed Stewart. 4.00 It Was a Very Good Year. 4.30 Katie and Friends 5.00 Cinema 2. 5.30 Screenplay. 6.00 Radio 2 Ballroom. 7.00 Jazz Score. 7.30 Welsh Proms. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Louise Bruce. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Ulster Orchestra.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 BBC Lunchtime Concert.
2.05 BBC Welsh Symphony Orchestra.
3.40 Haydn.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Angela Brownbridge (piano).
7.00 The Damnation of Faust.
9.35 The 1991 Reith Lectures: The Language of the Genes.
10.05 Haydn and Tippett Piano Sonatas.
11.00 The Mozart String Quintets.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 Europhile.
12.00 Money Box - A Question of Money.
12.25 I'm Sorry I Haven't a Clue.
12.55 Weather.
1.00 News.
1.10 News; Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: The Happiest Days of Your Life.
4.00 News; Age to Age.
4.30 Science Now.
5.00 Living with the Legend.
5.25 Tea Junction.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial: The Personal History of David Copperfield.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Open Mind.
10.45 As Others See Us.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 Cole Porter Among Friends. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi.
11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain.
4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell.
7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News; Chocolates for a Grass Cutter. 10.20 Meridian. 10.50 Sports Roundup.
11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 Play of the Week: Peer Gynt. 2.00 Newsdesk. 2.30 A Sight Worth Seeing. 3.00 News; News about Britain; Sports Roundup.
3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Business Review; Travel. 4.45 News and press review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don Maclean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Sounds Easy. 4.00 They Don't Write Songs Like That Anymore. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Black Magic. 7.45 The Collins Collection. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Radio 2 Arts Programme. 12.05 Ronnie Hilton. 1.00 Louise Bruce with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Mozart Masses.
9.05 Moura Lympany.
10.15 Music Weekly.
11.00 A Dutch Retrospect.
12.25 Solo Cello.
12.45 Table Talk.
1.00 News.
1.05 Your Concert Choice.
2.30 Mozart Violin Sonatas.
4.00 Post of the Month.
4.10 Maxwell Davies Conducts Maxwell Davies.
5.15 Listening To – Hildegard of Bingen.
6.00 Petr Eben.
7.30 Sunday Play: The Film Society.
9.05 St Petersburg Philharmonic Orchestra.
10.30 The Mozart String Quartets.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Mary Had a Little Lamb.
3.30 The Radio Programme.
4.00 News; Analysis.
4.47 Time for Verse.
5.00 News; Down Your Way.
5.40 Not What the Brochure Said.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-up.
6.15 Feedback.
6.30 Europhile.
7.00 Root of the Matter.
7.30 Bookshelf.
8.00 Punters.
8.40 Thinking Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 The Adventures of Sherlock Holmes.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
8.00 This Family Business.
10.30 Education Matters.
11.00 News and Sport; Business on the Move.
11.30 Europe on the Move.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 News and Sport; Kitchen Cabinet.
2.30 Football Extra.
5.00 Sport: Mike's Secret Mike.
5.30 Black Museum.
6.00 Sport; Talking Poetry.
6.30 Great Expectations.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 Paso Doble.
8.30 France Extra!
9.00 Deutsch Direkt!
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

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9.00 News; Business review. 9.15 Short Story. 9.30 The Best of British. 9.45 Sports Round-up. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk.
11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News Summary. 12.01 Play of the Week: Peer Gynt. 1.00 Newshour. 2.00 News Summary. 2.01 Colours. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall.
4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 News Hour. 10.00 News; Folk in Britain. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Business Review.

BRIDGE

JUST published by Robert Hale at £9.95 is *The Play of the Hand* by William S Root. I strongly recommend this to anyone who wants to improve his declarer play. The book of over 300 pages is divided into 12 chapters, dealing with the many facets of the game. Look first at Ruffing in the Long Hand:

N
♠ 6 3
♥ 8 6 5 3
♦ A K Q
♣ A 9 7 5

W
♠ 5
♥ K J 10 4 2
♦ J 9 7 4
♣ K Q J

E
♠ Q J 10 9
♥ Q 9 7
♦ 10 8 3
♣ 10 6 2

S
♠ A K 8 7 4 2
♥ A
♦ 6 5 2
♣ 8 4 3

North deals at game all, and opens with one club. South replies with one spade, and goes four spades after North's rebid of one no trump.

North leads the king of clubs. An average player takes with the ace, cashes ace, king of spades, and West shows out on the second round. Declarer cries out at his bad luck, and gives up – one down.

Let us now listen to what the author says: "East has two trump tricks, and you have two losers in clubs – it looks hopeless. But you can hold your losers to three by an elopement play, if East's distribution in the red suits is favourable. You have five winners in the side suits, so you need to make five of your six trumps. Let us see if you can do it."

After learning of the unkind break in trumps, cash the heart ace, cross to the diamond ace, and ruff a heart in hand. Now cross to the diamond king, ruff another heart, and return to the diamond queen. You have taken nine tricks, and you lead dummy's last heart. If East discards, you ruff for your 10th trick; if East ruffs, you discard a club, and one of your two spades is bound to score. I thought you would enjoy this second example of elopement.

E.P.C Cotter

CHESS

THIS week's Immopar Challenge in Paris was the most ambitious attempt yet to make chess attractive to television and live audiences. Sixteen grandmasters competed in knock-out speed matches for prize money of Ffr1m (£100,000) put up by a French construction group.

French TV screened the final live, and 4,000 spectators followed the play at the Theatre Champs Elysees. Matches consisted of two games in which each player had a maximum 25 minutes to mate, force resignation, or win on time. A 1-1 tie led to a sudden death decider where White had six minutes, Black five, but a draw counted as victory for the black player.

British hopes soon faded. Jon Speelman lost 0-2 in round one to Karpov, overstepping the time limit in game two when Karpov had four seconds left. Nigel Short beat Gurevich, then lost tamely to Bareev.

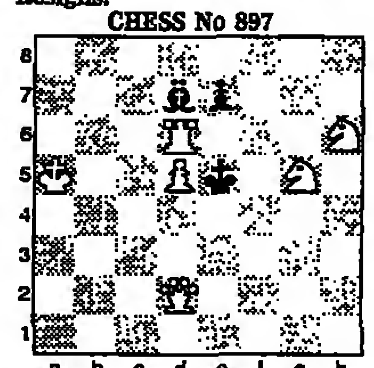
World champion Gary Kasparov swept aside his opponents until the final, where he surprisingly fell ½-1½ to the Dutch No 1 Jan Timman, whose fast and accurate play unsettled opponents. Kasparov resigned ten minutes behind in a hopeless position.

Like it or not, speed chess is the game of the future. The best way to try your hand is to enter one of the monthly opens at the Barbican Centre, London (details from 081-446-8569).

Evgeny Bareev, White; Gary Kasparov, Black; Immopar Challenge,Paris 1991; King's Indian Defence.

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 Nf3 0-0 5 e3 c5 6 Be2 cxd4 7 exd4 d5 8 0-0 Nc6 9 h3 Bf5. White's passive strategy has allowed Kasparov to develop rapidly. 10 cxd5 Nxd5 11 Qb3. A dubious bargain, flank pawn for centre pawn, but otherwise Black pressures d4. Be6 12 Qxb7 Nxd4 13 Nxd4 Bxd4 14 Bh6 Rb8 15 Qa6 Rxb2 16 Nxd5. Not at once 16 Bxf8? Nxc3! Qxd5 17 Bxf8 Kxf8 18 a4? A blunder, but Black has good play for his slight material deficit, eg 18 Bf3 Qc4 19 Qxc4 Bxc4 20 Rfc1 Rxa2 with the better ending. Rb3 19 Rad1 Rg3! 20 Resigns.

CHESS No 897



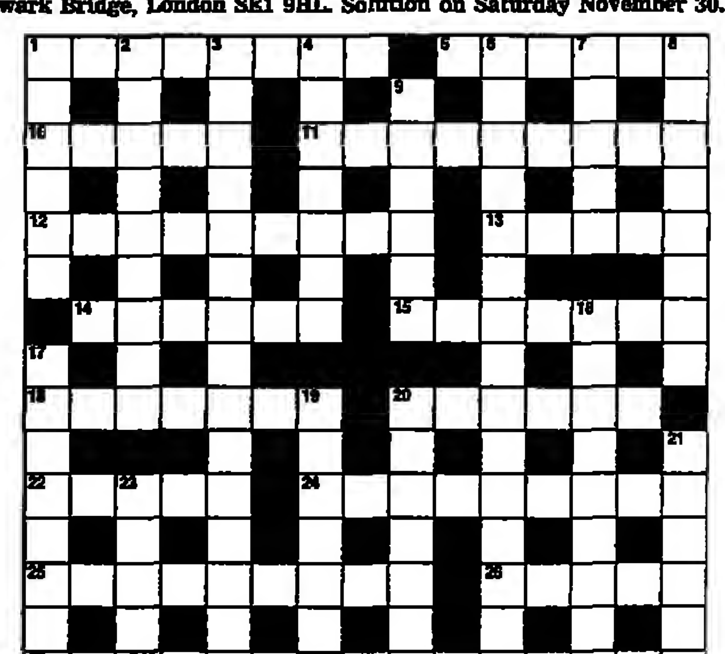
White mates in two moves, against any defence (by Rev J F Moon 1898).
Solution Page XX

Leonard Barden

CROSSWORD

No. 7,700 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday November 27, marked Crossword 7,700 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 30.



Name...
Address...

ACROSS
1 In this role, bishop must not leave his line (8)
5 Chased coppers off (6)
10 Lawyer-fellow on cheese (5)
11 High winds in Blackburn, we hear (3,6)
12 Coast method employed when working with logs (5-4)
13 Harvest is thin after the third of August (5)
14 Race for sodium? No, it turns out (6)
15 Drink for returning sentry, extremely hot (7)
18 Doubles up wrinkles (7)
20 Train adherents? (6)
22 Up to the time when unit turns left (5)
24 Ruby after bill of exchange, concerned with changing fortunes (9)
25 Observed happening within this age of adolescence (9)
26 Videos of last of adult primates (5)
27 Daily flag? (6)
28 Cinerama production of "The Virginian", perhaps? (8)

DOWN
1 Crumbly biscuit I left out for the artist (6)
2 Remove talking-bird in best cage (9)
3 How Trappist must go through it? (6,2,7)
4 Ran Judo school in recess (7)
6 Arthur pat enough, surprisingly, to be a star-follower (9,6)
7 Fabric in church is the crinkly sort (5)
8 Tower over motorway in present form? (8)
9 Turn up at 10 Downing Street, initially (6)
16 Eg portico damaged, showing how roots react to gravity (9)
17 Condemned man charged and run in (8)
19 Pillaged and fired (6)
20 Bone found in minster, numbered (7)
21 Inventor of glowing genius? (6)
23 Slithy gimblers? (5)

Solution to Puzzle No.7,699

```
SEASONAL SCREAM
T R R L   O S O
ROMANTIC UNITED
E L A E   Y O E
SCENTING DINNER
S T E A A N I A
     STAGECRAFT
E P P I G E N E
SMALLHOURS
T S A N E D A A
INTEND ASSASSIN
M O T     S P K G
ABROAD HIGHBALL
T A I   V N N E
EALING REPENTER
```

Solution and winners of Puzzle No.7,688

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READYTOWEAR ARK
O N I R U O M I
CLIVE AERIALIST
K S L T A O E B
SPEEDBOAT WONGA
A T R O O S G
LOTTERY MERE
T E S   K O P
    STEP TESTUDO
S P A A R   T L
ALARM IRASCIBLE
L R I N P O U S
LORGNETTE MERIT
O O E E Z M S A
WIT THREEMASTER
```

Mrs E. Young, Henley-on-Thames, Oxon; A. Hoffmann, Devizes, Wilts; E. Haughey, Edinburgh; R. Hamlin, Bognor Regis, Sussex; H. Jolley, Athens, Greece

Turning all of Europe into little Englanders

Whether or not the EC has an official language, says ***Dominic Lawson****, it still spells protectionism*

IN A few years time, if some influential Englishmen have their way, it will be illegal for this article, or indeed any article in this newspaper, to be translated for official purposes into any other European language. One of Britain's most politically powerful newspapers, the *Daily Mail*, has launched a campaign to make the English language compulsory throughout Europe.

You might imagine, given the Mail's strident reputation, that this represents nothing more than English chauvinism run riot. The opposite is the case. The *Daily Mail*, some say because of the intensely Eurocentric sentiments of its Paris-based proprietor Lord Rothermere, has become the most federalist of all English newspapers. This must be all very puzzling for the paper's down to earth and patriotic readership.

On Thursday the whole of the *Daily Mail's* front page was devoted to the pan-European theme, declaring: "If Europe is to have a future, it needs more than a common currency, a common foreign policy and a common set of laws. It must have a common language. That language can only be English . . ." The idea that we should all speak the same language is, I agree, no more bizarre than the idea that we should abandon our own currencies and our own parliaments in pursuit of the fortunately unattainable ideal of a European super state.

The following day, not surprisingly, the *Mail* was able to line up on its front page a queue of "international businessmen" throughout the EC's member states to agree with the proposition that there should be a single language to augment the single currency.

It is one of the characteristics of the debate on Europe that the business community – with a few striking exceptions such as Sir Owen Green and Lord Hanson – has fallen in behind the pan-European dogma. They realise that what is being set up is a powerful block designed to protect European products against more efficient producers from the US and, most of all, Japan.

That is why the Germans are the keenest of all on this scheme. As Europe's dominant economy they have the most to protect. In the US, where, unlike Europe, the Japanese are free to sell their motor cars without arbitrarily imposed tariff barriers, BMW and Mercedes are being wiped out by better-value products such as the Toyota Lexus.

Because the Europeans are artificially keeping out the competition, the scarce Lexus is almost 50 per cent more expensive on the Continent than it is in the free trading US. But what possible reason can there be for the people of Britain to support, through ring fence protectionism, the profits of the Bavarian motor industry?

Of course it is in the interests of those English businessmen, who do not mind paying to protect German companies providing that, in turn their own products are similarly protected.

They seem to believe, along with the *Daily Mail*, that what is good for BMW is good for Europe. That is even more absurd than the old saying that "what is good for General Motors is good for America".

I realise that for racial reasons most Europeans have a visceral antipathy to the idea of allowing Japan into the community of nations. And the British in particular have never forgiven the US for helping us to win two world wars and then keeping our economy afloat afterwards.

One can never forgive those to whom one is permanently indebted. But this should not blind us to the fact that, even if we do create some kind of United European state, a federal region called Germany (for example) will be competing savagely with a lesser federal region called Britain. And that will be true even if the German companies are forced to print their annual reports and accounts in English.

I would not go as far as those who say that a European Federation would end up like the Yugoslav Federation. But it cannot, surely, have escaped the attention of the Editor of the *Daily Mail*, Sir David English, that Serbs and Croats share a common tongue.

■ *Dominic Lawson is editor of The Spectator.*

Private View

The knight crusader

Ian McKellen talks about his homosexuality to ***Christian Tyler***

Glyn Genin

TONIGHT the BBC will screen five continuous hours of programmes by, and about, homosexuals. Others will judge whether *Saturday Night Out*, as the telethon is inevitably dubbed, is a sign of change in the real world or merely of changes at Television Centre.

The more interesting question, in a way, is why the BBC chose this unusual format when every other "minority issue" is given half an hour here, an hour there. What is it about the subject of homosexuality that makes it so difficult and different?

That it *is* difficult and different I was uncomfortably aware as I prepared to meet Sir Ian McKellen, one of the brightest lights of the British stage, who "came out" nearly four years ago.

Which of us was the more apprehensive at the beginning of the interview it is hard to say. I was conscious of my own hostility and squeamishness – not, I should say, about any individual I have met but rather about gaydom in general. (Incidentally, the word "gay" has always seemed to me a sad misnomer).

So I thought it best to confess right away that I shared many of the prejudices of the heterosexual.

McKellen's reply surprised me: "If you want to ask awkward questions I'd be very grateful, because it bewilders me what people's problem is.

"The problem of being gay or lesbian is in other people's reaction. It's a constant puzzle to me how one can begin to dismantle the ignorance which breeds the prejudice which has informed the way society treats individuals."

Away from the footlights McKellen seems shy, but his eloquent intelligence, tempered with irony and charm make him as effective an advocate as any cause could wish for.

I wanted to put to him what I saw as the commonest perceptions or prejudices upon which the law and public attitudes are based: that homosexuality is abnormal, that homosexuality can be contagious, that gay rights campaigners are proselytisers, a threat to decent folk.

But McKellen anticipated me, launching into an *apologia* of almost confessional frankness.

He did not talk about the "gay community" but about the isolation in which he and others like him grew up. Homosexuals, he said, were different from blacks or Jews: they were not persecuted for their colour or race and could not therefore find refuge in family or community. "They can't be defined by their looks, by their behaviour, their lifestyles or their income or their social status . . ."

Except when they choose to be, I said.

". . . Yup. But that is the overt minority which gets attention and perhaps contributes to the caricature. You know that not all Jews are businessmen or violinists. Not all gays are . . . camp and many gays *are* violinists and businessmen."

He described his own experience.

"From the moment you are put into blue as a boy in the cradle, something is decided for you. It goes with the toys, with the upbringing, the division into boys and girls at school . . .

"When you break away it's very bewildering; there are very, very few people you can go to talk to about it. Your peers will be as confused as you. Your parents have never come across a homosexual – they will have met them and worked with them but not recognised them. They will be deeply shocked and deeply upset and blame themselves and throw their guilt – which shouldn't exist – on to you.

"Probably recognising this, you don't talk to them about it. And you certainly don't talk to your teacher. If you do and your teacher happens to be gay and talks sympathetically to you he will be sacked because he will be contravening Section 28 of the Local Government Act."

I asked him: at what age did you know you were gay?

"About the same age that you knew that you were straight."

It's very hard to say.

"Yes, it is hard to say. You see, I'm just the same as you. It's just that I don't want to sleep with women and you do.

"To this day I find love scenes between men and women not distasteful, but boring. I'm waiting for the action." McKellen laughed. "As a child that used to really worry me. Because I could feel the heat rising in the cinema and I was getting cooler.

"I'm very attracted to women. I just don't happen to go that one little extra step and actually sleep with them."

Did you ever?

"No, not at all. The first person I'm aware of really being attracted to was a girl when I was about six. And then I was very attracted to a girl when I was about 18. Otherwise it's been men all the way.

"When you accept you are probably gay you do everything possible not to be. I mean, you will go out with girls. You might try and sleep with them. You will already be setting up the state of confusion – repression is not too strong a word – which for some gays continues right through their lives.

"It took me 49 years [McKellen is 52] to be able to say to a stranger like you that I was gay.

"Now, I'm not one for holding back. Heavens above, I'm an actor. I've no fear of standing up in front of 3,000 people and showing off and taking my clothes off and delving around in my emotions. But could I tell anyone I was gay? No."

A secret homosexual is not only isolated in the present but is cut off from the past, McKellen said. Unlike the Jew, he has no written history. "Do you remember being taught about James I and his 'favourites'? Well, of course, they were his boyfriends. He was called 'Queen James' at the time. But this isn't in the school history books.

"Robbed of your history, robbed of literature for the main part, robbed of a cultural setting, robbed of being able easily to make connections with other lesbians and gays who share this repression, no wonder it sometimes takes people a lifetime to come to terms."

Do you understand the view that homosexuality is unnatural or abnormal?

"No, I don't and I don't think anyone does seriously." The idea that sex was primarily for procreation had been abandoned long ago. Sex was about fulfilment, love and intimacy, involving acts which had nothing to do with procreation.

"Is that activity between heterosexual people thought to be unnatural and abnormal? No, it's not. Are a married couple who have sex outside marriage behaving abnormally, unnaturally? They are breaking time-honoured rules but are they breaking laws of nature? If they choose to behave as bisexuals as well, do they suddenly become unnatural and abnormal?

"Look into your own heart and ask: if homosexuality is made equal under the law, will that encourage you to become homosexual? Of course it won't. Any more than the weight of society's teaching, my parents' teaching, my upbringing at school, at church, couldn't turn me into a heterosexual. *You cannot do it.*"

There is a psychological theory, I said, that homosexuals are not always born that way, but are adults who have failed to grow out of a romantic homosexual phase that all boys and girls go through.

McKellen rejected this as another myth. He said he had never read or heard anyone say their youthful sexuality had been distorted. If anything, he added – "I have no proof of this" – bisexuality was the norm. But he quoted cases of children brought up by lesbian and gay couples who had emerged emotionally balanced and perfectly straight.

Why the fear, then? "The dominant type in our society is the male, the father. It goes back to God the Father. The notion of what it is to be a man, to be male, is fixed in relation to women.

"You judge a man by the fact that he has sex with women, by the number of children he has. The difficulty judges have in believing in rape is one indication."

Society's rules were framed by white, middle-class males. "But if I say: 'But I'm white, I'm middle class, I'm aggressive, I'm successful. I don't sleep with women but I'm a man', then I'm a challenge. I undermine those people's self-confidence in a deeply worrying way." It explained why men were unworried by lesbianism.

"In the Isle of Man I met some perfectly charming people who quoted Leviticus at me, with passion, as if it was appropriate that the laws of Britain in 1991 should have been settled by this rather primitive tribe wandering across Sinai 3,000 years ago.

"Moses said it was a sin. Then they said it was unnatural, and then in the Middle Ages they said it was a disease and recently we have heard that it's a mental aberration, madness. Well, it's all codswallop.

"It's hiding the fact that we are a challenge to the notion of what it is to be male. So they call us feminine. They say that we're like women, and we're pansies and we're not real men. Of course we are."

Ian McKellen is the co-founder of Stonewall, a political pressure group, and makes little apology for gay campaigners who behave outrageously in public. But he sees himself as someone who can plead soberly with the Establishment for legal amendments, as he did recently with the prime minister at Number Ten.

"Gays tell me: 'Will you cool it, stop talking about it. You say we're repressed. Well, we're not.' They say it's a minor inconvenience. It's a minor inconvenience which does damage to the soul, I think."

I asked McKellen what he thought of tonight's programmes, in which he appears.

"I don't know what their motives are. I expect they'll get the balance wrong in their determination to entertain. There may be more drag queens than politicians."

He conceded that television had ceased treating homosexuals as freaks. Even Hollywood was ditching the stereotype of the miserable, disruptive and rejected queer.

"Well," said McKellen, "I know I'm wanted by society. They've just given me a knighthood. If they want me, they've got to want the fact that I'm gay. They have to." He laughed. "That comes with it."

Fusion, and other science fiction

Michael Thompson-Noel

GOOD science stories turn me on. I devour them all. Hot fusion. Cold fusion. The tenth planet. Ozone depletion. Life on Mars. Life in Notting Hill. Big Bang. Einstein. Bohr. Heisenberg. Schrödinger's Cat (which must, itself, know whether it is dead or alive, and would tell us, if we asked, with a mew or purr or silence – which is I why I never waste time on frivolous things like paradoxes).

Time. Strings. Nanotechnology. British Rail timetables. Teledildonics. Dr Kammerer's experiments with two species of salamander, *Salamandra atra* and *Salamandra maculosa*, as described in Nicholas Mosley's excellent novel, *Hopeful Monsters*. Anna Ford's eyebrows – how do they stay up? are they a mutant lifeform?

Given my interest in stories about science, it will not surprise you that my brain pinged and quivered the moment it read Tuesday's *FT* story about the nuclear fusion researchers who are urging the world's politicians to help bring into being a $5bn experimental fusion reactor.

This follows last Saturday's experiment at Culham, in Oxfordshire, which produced the first demonstration of controlled fusion on Earth. As you know, fusion, the opposite of fission, releases terrific quantities of energy by forcing light atoms together.

I am convinced that this fusion business is going to be one of the great stories of the next 30 years. Consequently, I have started to assemble a team of broad-shouldered, blunt-chinned investigative reporters to dig and probe. There are prizes to be won. The stakes are ginormous.

Yesterday I called them to a breakfast meeting. This was not a wise move, but we all learn from our mistakes. "Gentlemen," I said. (So far, there are no women on the team. Most of the female reporters I know are out on the street, researching pieces on Christmas shopping or what to eat on Boxing Day. But I was a New Man before the phrase was coined, an equal-rights champion to the tips of my Church's shoes. There *will* be a female on my team, if I have to scream to get one).

"Gentlemen. The story we are about to embark on will make us famous wherever diamond-hard reporting and vivacious feature-writing are welcomed and admired. First of all, I want you to go underground. You must leave your homes. By tonight I want you all checked in at anonymous hotels in the Paddington area. Contact me only at weekends.

"Our first big wave of stories will concern the siting of this experimental reactor. Fusion, after all, is what powers the stars. The row will be immense. Governments could rise and fall.

"Your travels will be unceasing, but don't worry about the cost. I will fight those battles for you – I have friends high and low. When it dawns on the politicians and scientists that no town or hamlet anywhere in western Europe is going to permit the siting of a fusion reactor within its purlieus, the hunt will be on for alternative locations. New Zealand comes to mind, but then it usually does. Papua New Guinea appeals, as does a spot I know in the Serra dos Apiaca's.

"My own favourite, though, remains the Soviet Union. They will do *anything at all* to ingratiate themselves with the West. And – yes – they need the money. I have been studying the islands above the Arctic circle. I am strangely attracted to Ostrov Bolshevik. I expect they will re-name it, but it is to Ostrov Bolshevik, gentlemen, that we will direct our first significant efforts.

"Happy hunting, men. Our quest is under way. Don't forget your jabs and passports. I want colour, quotes – and grit. That is all I ever ask for. Colour, quotes, *grit*."

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HAWKS & HANDSAWS

I AM NO-ONE'S idea of a racing tipster. I do not own a trilby or a pair of binoculars. I do not lurk in bushes or slip jockeys money. (Have you met a jockey? They are the tipsiest little merrymakers). Above all, I am too artistic to spend hours with grubby form books.

Conversely, I am more than capable of winging to the racecourse to bash the beastly bookmakers. What horrible men they are, shifty and complaining. The weapons I employ when out to bash the bookies are the ability to absorb information swiftly, good timing, knowing when to start and stop, and a tutored talent for money-management (the key attribute of a successful gambler).

The gulf between me and a form expert like County Kerry postman Tim O'Mahony was brought home to me this week when reading about Tim's success in an ingenious and circulation-building competition staged by the *Racing Post*.

At the start of the Flat racing season, competitors picked lists of ten horses to follow. Points were awarded, plus bonuses based on the betting. Tim came first, winning a total of £37,623.75.

He lives in Abbeydorney, four miles from Tralee, near the Atlantic, and will be sharing the prizemoney with his aunt, Eileen Flahery. Tim has an accountancy and economics degree from Cork university, and worked for a year in London.

But city life does not appeal. He loves his postal work. "I do the one delivery every morning," he told the *Post*. "It's a 35-mile round trip. Racing is my main interest. I can't wait till we can switch on to Britain's four TV channels, some time this winter."

The *Post's* new competition, covering the jumps season, started last Saturday. It has drawn so many entries at £5 a time, including 17 from Tim and Eileen, that the first prize will top £55,000. Serious money. So serious that I have been flushed from cover. I have sent in four entries. I have good expectations. If I win, I will throw a party for all readers of this column. The best food and drink, chosen by *FT* experts. All sorts of fun and games. Fusion hot and cold.